

NATION'S BUSINESS

OCTOBER • 1931



YOUR BUSINESS — every business — must contend with popular, mistaken ideas widely prevalent today. Out of muddled thinking about manufacturing, banks, taxation, agriculture, railroads, public utilities, chain stores, independent retailers, grow legislative harassment, market curtailment, public ill will. In a very real sense these fallacious ideas about business hurt business and retard recovery. **See Page 17.**



PUBLISHED BY THE
U. S. CHAMBER OF COMMERCE
MERLE THORPE, Editor



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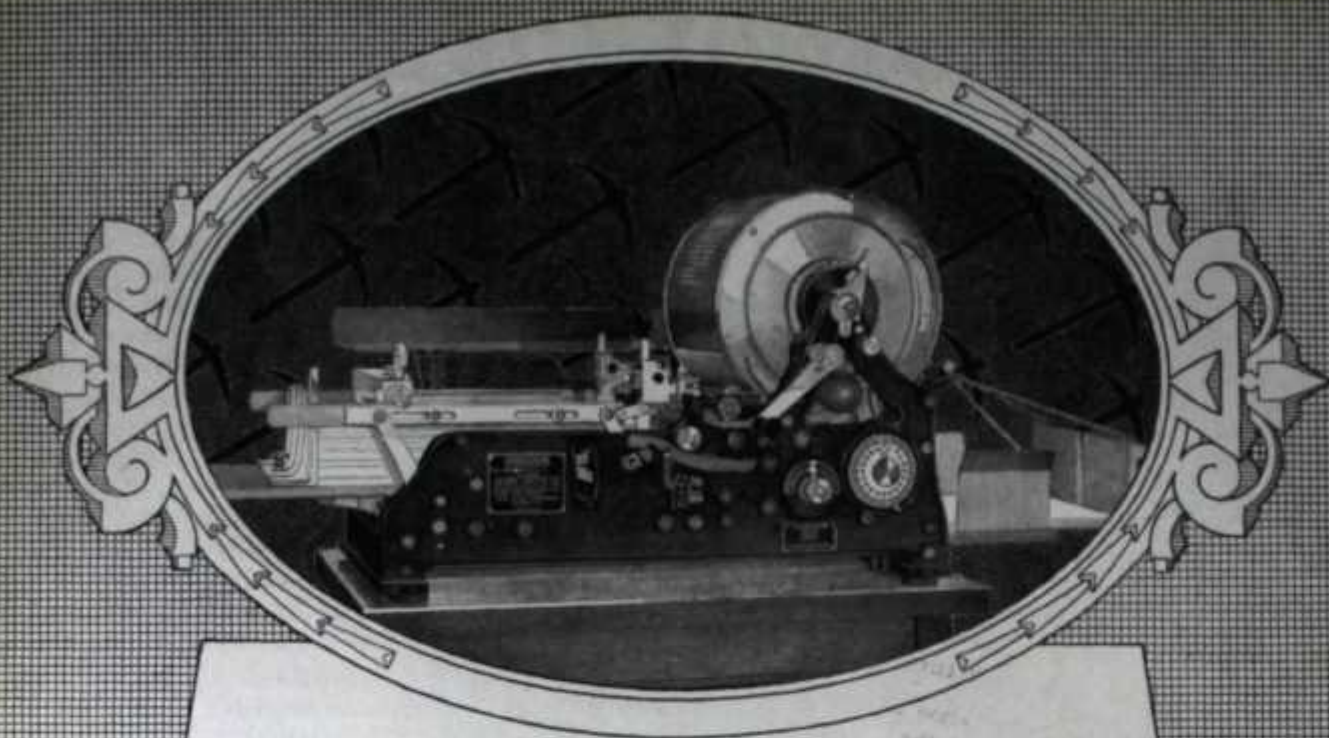
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NATION'S BUSINESS for October

VOLUME 19



NUMBER 10

CONTENTS

	PAGE		PAGE
Through the Editor's Specs	6	The "Chained" Money of Russia... CLARENCE T. STARR	37
Waiting for a Sign	Merle Thorpe 11	If you have \$10 in your pocket you know about how much it will buy, not only in this country but abroad. If you had a similar sum in Russian money it would have no value here—and possibly not in Russia. An interesting view of a peculiar currency	
As the Business World Wags	13		
Fallacies Increase the Hidden Costs of Your Business RAYMOND WILLOUGHBY	17	The Economics of Imagination... EDWARD S. JORDAN	42
For 20 years NATION'S BUSINESS has carried on its fight for better public understanding of business and business problems. With this article it launches a new editorial feature which, with your help, will reduce the toll you have been paying to popular prejudice and careless thinking		A well known automobile man tells you, not only what imagination is good for, but some ways you might apply it to your own advantage	
England's Unemployment Bloc... ERNEST J. P. BENN	21	Putting Workers' Ideas to Work... WILLIAM E. OWEN	48
A British publisher and observer gives you a first-hand picture of what happens when a government plan for unemployment insurance becomes a football for politicians		The head of the General Electric's suggestion department explains the workings of a plan that keeps his company and its workers out of the rut	
Let's Talk Frankly About Wages... E. J. KULAS	24	Jewels and Noble Metals in Overalls... JOHN DRAKE	56
An executive who rose from the ranks and thus knows the wage problem from both sides sets down his honest opinion as to the way pay envelopes must be adjusted to bring the world out of the present depression		Since Last We Met	62
Today's Challenge to Business Men WILLIAM KIX MILLER	27	No Business Can Escape Change	64
The president of Commerce Clearing House, Inc., gives you a glimpse of a new world empire brought about, not by political conquest, but by the efforts of business to improve the condition of all humanity		The Map of the Nation's Business... FRANK GREENE	66
How North Carolina Cut Its Costs... O. MAX GARDNER	31	What I've Been Reading... WILLIAM FEATHER	78
The story of a reform that reduced the costs of state government ten per cent, told by the Governor of that state. A story you will want your state legislators to read		On the Business Bookshelf	85
Why All the Mystery About Advertising? KENNETH GROESBECK	34	The Telephone's New Aid to Business LLOYD B. WILSON	87
You wouldn't buy a new tool without finding out how it worked and what you could do with it. Mr. Groesbeck says advertising is a tool but, unfortunately most people don't attempt to find out what it can do. He takes it apart to show you what makes it tick		Salesmen Who Can't Sell Goods to Me FRANK J. TAYLOR	92
		We Learn What Tourists Want... JUSTUS MILLER	98
		Guarding Your Business from Death... C. ALISON SCULLY	112
		What Wall Street is Talking About... M. S. RUKEYSER	117
		Textiles Cooperate in Research... OLIVER MCKEE	126

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VITA-FRESH



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Coffee deteriorates on contact with air. The delicate, volatile flavors escape, thereby causing loss of freshness. Oxygen combines with oils left in the coffee, thereby causing staleness. The best vacuum packing now in commercial use removes 90% of the air. Vita-Fresh removes more than 99% of the air and, for practical purposes, creates a complete and perfect vacuum. The importance of this advance is shown from the fact that even a 90% removal of air

leaves in the can enough oxygen to cause some deterioration of the contents. Vita-Fresh seals coffee's fragrance so perfectly that even expert coffee tasters cannot tell the difference between coffee that has stood for months in Vita-Fresh cans and coffee fresh from the roaster.

Probability that the new process may be made available to other packers is disclosed in the announcement that the American Can Company has been authorized to grant the use of it to other coffee roasters.

"The Story of Vita-Fresh," a booklet which should be of interest to both housewife and business man, will be sent to you free upon request.



GENERAL FOODS

DEPARTMENT 6-V 250 PARK AVENUE NEW YORK CITY

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Through the EDITOR'S SPECS

OF ALL the ordeals regularly faced by business, none tries its morale more severely than the fallacious beliefs rooted in the public mind. Notional as these ideas may seem to men who know better, it is a commonplace that they make up in persistence what they lack in logic.

Reckless, indeed, is the commercial or industrial institution that can see no possibility of injury in the oblique reasoning of ignorance. "Only a whim" is no magical phrase to exercise the devils of misunderstanding. It cannot dismiss popular prejudices with a magnificent nonchalance. There are "iron whims" as every business knows to its cost.

So it is that NATION'S BUSINESS has planned an editorial and advertising campaign to help clear up the fog of fallacies. How these prejudicial states of mind complicate the course of business is indicated in this issue in an article by Raymond Willoughby. The gallery of familiar fallacies which accompanies the article makes no pretense to completeness, but it does serve to define the sort of ungolden texts with which business is regularly confronted.

Representative business men who have read the series of related advertisements think so well of the idea of displacing business fictions with business facts that they have promised to help us get at the fallacies of particular interest and concern to them. One conclusion has clearly emerged from the organization of our material—no business is immune to the cost of loose talk and loose thinking about its men and its methods.

WHEN Sir Ernest J. P. Benn consented to write an article for us setting forth his views of the British plan of unemployment insurance, we knew that the resulting contribution would be a thoughtful and constructive analysis of the situation. Sir Ernest, who bears the

A FRANK STATEMENT ABOUT YOUR JOB

and your chances of holding it

A LOT OF EXECUTIVES are patting themselves on the back these days because they have managed to hold on to their jobs during the business depression.

This is a dangerous attitude.

Corporate Management has had its eyes opened during the last two years. Scores of men have been let go. Thousands of dollars in salaries have been saved. Yet the necessary work got done just the same because the men who were left worked harder.

This discovery by Management is going to have far-reaching effects in the next few years. Expressed in a few words, here is the situation:

1. Corporations will have to strain every nerve to show a net profit.
2. To show a net profit, overhead must be kept down.
3. Overhead can be kept down by paying nobody \$5,000, let us say, when a \$3,000 man could do the work.

The bubble has burst. The men with nothing but high-sounding titles, good salaries, and years of service to their credit are out of luck.

From now on it won't be enough to be merely a useful cog. Too many useful cogs are going from office to office offering their services at half price.

Today a man must be more than useful. He must be indispensable. He must be so important and so vital that the business would be handicapped without him.

For the last twenty years the Alexander Hamilton Institute has had marked success in making men indispensable. Here are a few samples, selected from hundreds, showing how Institute men automatically step up to the more important positions and salaries:

CASE 1. Works Engineer, salary \$6000; now Vice President and General Manager, salary \$18,000.

CASE 2. Local Manager at \$5,200; now Regional Manager, salary \$15,000.

CASE 3. Production Manager, salary \$6,000; now President, salary \$21,600.

Recently the Institute announced a new Course and Service expressly designed to meet these new conditions. This Course is new from start to finish, so new that the latter part is barely off the press. Today's foremost leaders have contributed to it. Among them are:

FREDERICK W. PICKARD, *Vice President*, E. I. du Pont de Nemours & Co., Inc., THOMAS J. WATSON, *President*, International Business Machines Corporation;

M. H. AYLESWORTH, *President*, National Broadcasting Company; COLBY M. CHESTER, JR., *President*, General Foods Corporation, and JOSEPH H. APPEL, *Executive Head*, John Wanamaker, New York.

The facts are contained in a booklet entitled, "What An Executive Should Know."

This booklet is well worth half an hour of your time.

Many men have said that in 30 minutes it gave them a clearer picture of their business future than they ever had before.

If you want to know how you can make your job secure, send for it.

**A WARNING TO
MEN who want to
be independent five
years from today.**

ALEXANDER HAMILTON INSTITUTE
535 Astor Place, New York City

Send me "WHAT AN EXECUTIVE SHOULD KNOW," which I may keep without charge.



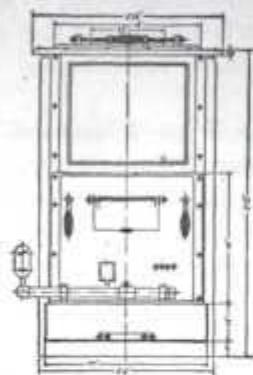
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1
Old-style incinerator. weight of top alone reduced 42% by the use of pressed steel.



2
Redesign—(with the help of YPS engineers)—of new low cost incinerator.



3
The finished product (stampings by YPS). Cost of top alone cut 44%—eye value increased tremendously.

RESULTS

Manufacturer says: "Increased eye value tremendously. New one-piece pressed steel top replaced old three-piece cast top, weight reduced 42%, costs cut 44%. Leg costs cut 35%. Breakage greatly reduced."

WRITE

May we do for you what we have done for many, many others? A survey costs you nothing. Does not obligate you in the slightest. Write for free booklet, "Adventures in Redesign"—it tells the story.



"Press it from Steel Instead"

The

YOUNGSTOWN PRESSED STEEL Company

310 UNIVERSITY ROAD

WARREN, OHIO

A COMPLETE ENGINEERING AND MANUFACTURING SERVICE

titles "Baronet" and "Companion of the British Empire," is not only a prominent British publisher but the author of numerous books.

Although his article was written by him and received by us before the resignation of the MacDonald cabinet and the formation of the coalition Government, these events do not detract from its value as a view of the situation in England. On the contrary, they give evidence of the soundness of the views Sir Ernest expresses in this article.

E. J. KULAS, president of the Otis Steel Company and the Midland Steel Company, is a man who dares to say what he thinks. In this issue of NATION'S BUSINESS he tells what he thinks about the wage question. He thinks that "business men should stop trying to fool themselves and each other on the question of wages."

Perhaps you do not think that business men are fooling themselves on this question. NATION'S BUSINESS is not championing Mr. Kulas' views. We do champion his article, however. In fact, we defy you to read it without agreeing with him wholeheartedly or opposing him violently. And, either way, you will get some new thoughts on the wage question.

AMONG our other contributors this month are Governor O. Max Gardner of North Carolina; William Kix Miller, president, Commerce Clearing House, Inc.; Kenneth Groesbeck, vice president, McCann-Erickson, Col. Clarence Starr and Edward S. Jordan. We feel that we may be proud of this list.

A FRIEND of mine took a vacation tour a few weeks ago. His car was damaged in a traffic accident. Several new parts were necessary for repairs, hub caps and a few other minor parts. The garageman in the small town where the accident occurred couldn't supply the parts.

"Oh, well, I'll get them in the city," my friend said, thinking that the agencies for his medium-priced car in the nearby city could readily supply the needed items.

He drove into the city, one of more than a half million population, visited eight agency garages and finally gave up the search in disgust. Not even a hub cap could he find on the barren shelves of the shops he visited.

"We're not stocking anything now—

and we're not going to as long as times stay what they are," was the tenor of the replies from the so-called automobile dealers and garagemen. Sure, they admitted, they were losing some sales, but then in these hard times they couldn't afford to risk stocking up.

Yet here was the ultimate consumer standing at the retailer's door, money in hand, eager to buy—and being turned away. The demand was there; the supply was lacking. This may be an isolated incident—or it may be indicative of a general trend. Demand may now be outstripping supply in many lines.

But will demand have to accumulate until it builds up force sufficient to sweep aside the resistance of retailers afraid to risk stocking up?

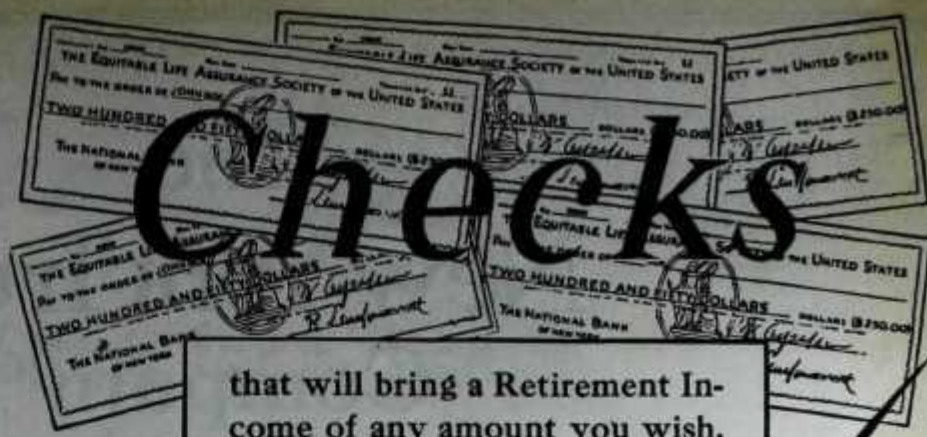
"CHET SHAFER'S tale 'In the Days Before the Depression' was an interesting picture for those of us who were boys during the 'eighties and 'nineties, and it was true to life with the exception of coupling up 'bustles' with the day of the bicycle scorchers," writes George A. Perham of Duluth, Minn. "Bustles were fading out of the picture in the middle 'eighties.

"The bicycle fever came on just after the Chicago World's Fair in 1893. City officials thought they had a traffic problem then. Those were the good old times when heads of families worked for \$1.50 per day and hardly anyone else in the family had a job. Ambitious boys carried newspapers for 50 cents a week. Yes, we should be able to see our way through the present depression."

IT MAY be recalled that the cover on the September issue assayed to show a surveyor at work. The members of the staff were all pretty pleased with it when the first rough or proof copies were passed out in the editorial office. Then, when the issue was out, letters began to come in in no time telling us that we were, to put it politely, inaccurate. Quite a few engineers did not fancy our choice of surveyor, nor did they appreciate the unusual angle of the picture itself.

The artist, Charles DeFeo, went out to watch and sketch a real live surveyor in action, rather than attempt to use a professional model. In addition, an expert photographer went along to photograph the surveyor, in order that no technical details might be overlooked. The photographer, being a modernist, tilted the camera, so that the effect is of one looking up at the worker in action. The artist then followed this

(Continued on page 129)



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the Amount You Want per Month

\$100.....
\$150.....
\$200.....
\$250.....
\$500.....

Check

the Age at Which You Want your income to begin

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Age 55.....
Age 60.....
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Please give me without any obligation the rates on your RETIREMENT ANNUITY Plan. I would like a monthly income of \$.....to begin when I am.....years of age.

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Address.....

Date of Birth.....



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Capital, Surplus and Undivided Profits . . \$48,000,000

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100 BROADWAY

40th Street and Madison Avenue

57th Street and Fifth Avenue



Waiting for a Sign

IT IS a fashion of the times to complain of a lack of leadership. What avails individual spirit if there be no guidance from high places, the skeptics ask. Why in a land of plenty must there be jobless men?

Somebody, something must be at fault. There must be someone to criticize. Twenty or 30 years ago it was enough in our darker moments to charge all our troubles to the "money barons" or the "predatory interests," to dress these spectacular figures in top hats and spats, light the red fires, pillory them through the press and pass new laws to curb their activities.

It was all very exciting. It released the emotions and distracted the attention, and since, in the normal course of events, prosperity always came back, the device had the appearance of being effective. But today the scapegoat is not so simple. The modern scapegoat is an evil genius without form or substance. It is the "system."

The national will is weakened by vague and fantastic apprehensions. Domestic problems seem more complex when viewed against the complexities of European affairs.

The dark glasses of pessimism reveal decay and dissolution. If there be leadership, give us a sign, the cynics taunt. The quality of calmness they interpret as Olympian indifference. The ornamental qualities get first and last recognition.

The mob wants its leadership visible and vocal at all times. The crowd is ever looking for a sign.

It is a commonplace observation that when the patient is long ill and the doctors differ there is a chance for the quack. And when industry is long depressed and experts are unable to define either the cause or the cure, hasty advice often gets a hearing.

So it is that the nation is beset with counsels qualified more with ingenuity than with reason.

Showy ideas for doctoring the depression are legion. While they dazzle the eye they also break down resistance to the disease. These demoralizing influences increase the mental obstacles to recovery. Any appraisal of the national state of mind invites the conclusion that the

psychological element is now the greatest brake on prosperity.

"Wait" seems to have become the national watchword. No curiosity is in the man who reaches for his morning paper to see what, if anything, the Government is going to do for him. He is looking for a sign.

But days equally dark have found us less susceptible to changes in the economic weather. What happened in Germany last spring happened in much greater degree in 1923, and America's reaction then was to proceed with the greatest period of good times the country ever knew. What occurred in Britain in August happened in France in 1925 and America swung into a tremendous prosperity.

Men who have known earlier depressions at first hand know the recuperative powers of the American people. They have seen the country emerge from business crises stronger than ever. They understand that it is the common concern to restore courage and initiative to the faltering and the bewildered. They know that, if the nation is to pull itself out of this depression, it will have to fight the highly articulate idolators of salvation by fiat and formula.

What is required today is not the deliberative methods of legislatures or the emotionalism of mass meetings. The need of the hour is for a cooperative individualism.

No one knows how to cure a depression. But many people do know how to turn ordeals into opportunities—and are doing it. Of such is the true essence of leadership. For those who serve with good will in the face of censorious doubt there is an enduring text. Saint Matthew tells us that, when the Pharisees required a sign from Heaven of Jesus, He said unto them:

When it is evening, ye say, it will be fair weather; for the sky is red.

And in the morning, it will be foul weather today, for the sky is red and lowering. O ye hypocrites! ye can discern the face of the sky; but can ye not discern the signs of the times?

Merce Thorne



POPULAR FALLACIES OF INDUSTRY

(A Nomination for Nation's Business)

WITH a serious deficit staring them in the face executives look frantically for the underlying cause. And—hoodwinked by a popular fallacy—many blame "the times."

Asked what they've done to meet the situation they reply, "We've cut corners...made savings on such and such machines, simplified, certain processes, and reduced our overhead in all these departments."

When such measures fail to turn red figures into black, manufacturers might as well face the facts: *Perhaps their plant is at fault.*

Multi-story buildings, long obsolete, or floor space blocked by columns that cause backtracking and prohibit straight-line production—or scattered, inefficient one-story units—all breed "White Elephants."

Plants geographically off-center—paying the penalty of heavy freight charges—are often more to blame for dwindling profits than "the times."

Austin Engineers have helped many a manufacturer to operate profitably—even at fractional capacity—by providing flexible straight-line layouts. In other instances, they've built revolutionary "Controlled Condi-

tions Plants" in new strategic centers to help firms "get out of the red"—at bargain costs...with 15 to 25% savings.

If your plant is playing a losing game—after you've checked and double checked every part of the business, why hesitate to consult with an outside organization. In these times no one can afford to overlook any opportunities. Why not grant Austin a brief interview which may bring you ideas that will have an important bearing on your business NOW and for years to come? Use the memo below to get "The Return Trip to Profits," a brief discussion of ways and means!

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MERLE THORPE, Editor

OCTOBER, 1931

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As the Business World Wags

THUS WE MAY SEE, QUOTH HE,
HOW THE WORLD WAGS—*As You Like It.*

A New Duty of Government?



THE Plain Talker came in the other day and in response to the usual question, "How's business?" answered, "Bad, but I've seen worse. That's a comfort of growing gently old. You can always remember an affliction that seems worse than the one you're now suffering from."

Then he went on:

"What I can't understand in all this question about unemployment is the apparent assumption that the Government somehow owes everyone a living. I can remember men saying as long ago as when I was a boy, 'Oh, well, the world owes me a living and I'm going to collect it,' but I never knew anyone to take the speaker seriously."

"But now it's all different."

"If you haven't got a job nowadays, then, so they say, it's the Government's business either to find you one or to pay you wages."

"When I was younger, I thought of the Government as a sort of joining together of all the people to do certain things which could be done better collectively than by the people as individuals."

"But it seems I'm all wrong. The Government is a sort of super-parent whose task it is to tell us how to live and to take care of us all."

"When I was a boy there were always some men in our town who were out of work, sometimes because we were in a spell of bad times, sometimes because of their own ill fortune and sometimes because they didn't very much want a job."

"The folks who had work, or food stored in the cellar, managed to take care of the needy but none of us thought that the town or the state must either give 'em a job or a wage."

"And if the town had had that idea, I suspect we'd

have had a great many more of the kind who didn't very much want a job."

Does the State Owe Us a Living?



THE doctrine that the world or, to be more exact, the state owes every man a living finds its extreme statement in the constitution of the German Reich adopted in August, 1919. Article 163 of that document reads in part:

"The opportunity shall be given to every German to earn his living through economic labor. In so far as he cannot be given a suitable opportunity for labor, his necessary maintenance is to be supplied. The details are to be provided by a special national law."

In fact it might be good for some of this country's advocates of extending the social functions of the Government to read the whole of Chapter V of that document entitled "The Economic Life." Here are two more excerpts:

"Property involves obligations. Its use shall . . . be a service to the general welfare."

"The distribution and the use of land are supervised by the state in such a way as to prevent misuse and to serve the purpose of guaranteeing to every German a healthful dwelling, and to all German families, especially to those with many children, a homestead for residence and productivity corresponding with their needs."

If the business of the state is to supply us all with a job why worry too much about doing it ourselves?

Our Respects to Senator Couzens



WE like Senator James Couzens of Michigan best when he practices what he doesn't preach. Here he has been bombarding the public with pleas for a special session of Congress which should set on foot some form of federal relief of unemployment, even perhaps a "pay roll dole."

Yet if he can't have his own way about relief for the

unemployed, he at least proposes to do his part to aid the unemployed. He has told Detroit that he will give a million to a fund for those out of work if others in the city will give nine millions.

Since the city itself will devote seven million dollars from its tax revenues to this purpose, there will be a considerable and, it is to be hoped, adequate fund for the purpose.

Since Detroit is pooling its voluntary and its involuntary taxation, the city administration will have a fine test of its competency and efficiency. If Senator Couzens' million is not wisely spent, he will have added ammunition for his demand that the Federal Government take over more jobs.

Henry Ford's Farm Relief



course, he is the individual. He has told the married workers in his Iron Mountain plant in Michigan that they'll lose their jobs if they don't have vegetable gardens.

Thus Mr. Ford, a devotee of mass production of automobiles—and in some cases of farm products—urges a return to the small factory and the cottage industry when it comes to "garden sass."

The truck farmers of Michigan can't retaliate on Mr. Ford by each producing his own automobile, but Mr. Ford may find them running their old Fords longer if his plan goes through.

Spend, Says a Savings Bank



savings banks, did the other day.

The bank has 250,000 depositors with about 500 million dollars in deposits and to them it said:

Keep on deposit all you should have as a reserve against emergencies. If that reserve is not yet large enough (it should be equal to at least six months' salary) add to it! But if you have a surplus above all likely needs, make careful purchases of things you want for permanent use while prices remain low. Buy real estate if you are planning for a home of your own. Land prices have not been so low in many years, and mortgage money for building can be had on very reasonable terms. Wise spending at the right time is as much a part of good thrift as saving all you can when prices are going up.

The bank recalls that in 1928 it did all in its power to encourage people to save and resist temptation to buy in a period of inflation. Now says the bank the situation has changed and proves it thus:

Suppose we trace through just what has happened to the man who deposited \$1,000 with this Bank on September 30, 1928.

1. He has received in compound interest up to March 31, 1931..... \$ 114.16
2. He still has his original deposit of..... 1000.00
3. His balance on March 31st is..... \$1114.16
4. Due to lower prices, this balance compared to September, 1928 is worth in buying power..... \$1292.42

Few people yield to "buy now" campaigns. All over

the country the public has been urged to "start the ball rolling" by spending. "Dollar days" innumerable have been tried but the effect has been slight.

Perhaps a savings bank's advice will be more effective.

A Return to Barter



than he could eat before it decomposed while in the cave across the way dwelt a neighbor who had no meat but an extra stone hammer.

The exchange was perfected and commerce and economics came into being.

Now Brazil and the United States have attempted to step back across the centuries on swapping 25 million bushels of surplus wheat for 1,050,000 bags of surplus coffee, commodities with which they were oversupplied at home. This attempt to return to a simple exchange disregarded the conditions of 1931 and induced international complications.

It immediately appeared that domestic coffee roasters were concerned about the effect of the deal on the American market, and American shipping interests complained vigorously to the Administration that they should have had a chance to perform the transportation services involving freightage charges estimated at from \$1,500,000 to two million dollars.

While these reactions were becoming evident, Argentina, our best customer in the southern hemisphere, was agitated by the prospect of losing her wheat market in Brazil, and at about the same time Brazil declared an 18 month embargo on the importation of flour, thereby affecting the outlet of American mills.

Whether all the consequences of this return to barter are now apparent is not yet clear. Certainly it is obvious that in the modern world, the effects of barter between nations carry repercussions throughout the sensitive structure of trade and industry.

Planning by Industry



summer to economic planning.

As reported in the newspapers the majority of the speakers seemed to feel that economic planning as exemplified in Italy and in Russia was not consistent with true liberalism and democracy.

The attack of the speakers was not on planning by industries as a whole or by units of industry. There was a recognition that business has learned much but still has much to learn about planning. The budget is perhaps the most obvious form of planning, yet there are many governmental and industrial units as yet ignorant of right budgeting. The drive of the speakers was against economic dictatorship by government, the suppression of business freedom.

More than four years ago Julius H. Barnes wrote

OUR economic textbooks taught us that barter was the first form of commerce. They invited us to vision a prehistoric man who, having killed an animal, had more meat

this about Mussolini and his challenge to American business:

"Do we want to see a government department, or departments, armed with full power to settle industrial disputes or to make economic rulings? There are those who defend the Mussolini régime on the theory that the end justifies the means. But is it not better to blunder now and then so long as the blunder be made by free people, working freely together, than to escape that blunder by the edict of government?"

Those who would put American enterprise and ingenuity into some sort of a five-year mold by government edict would do well to consider those words.

A Revolution in Ways to Live



SOME years ago NATION'S BUSINESS published an article widely reprinted and commented on called, "The New Competition." The writer, O. H. Cheney, set forth that the real battle of business today was not between competitors in making and selling the same products, but between the products themselves for new uses, between ice and mechanical refrigeration, between wood and steel, between silk and rayon.

C. Delisle Burns, in his stimulating book, "Modern Civilization on Trial," puts the same thought in new language. He asserts that we are in the thick of a new "industrial revolution," but he adds:

The new revolution is, first, a revolution in consumption or enjoyment rather than in production. A century ago what is called the industrial revolution meant only that old types of product were made in greater quantities. Now, not merely are the old cotton goods of medieval India copied in Manchester, but artificial silk and gramophones and radio sets supply needs never even conceived a generation ago. We have passed from process-invention into product-invention. The revolution of today is, therefore, mainly a change in the ways in which men enjoy life.

We are probably just started on this "product invention." Any conception we may form of what the world will be like in 1981 is perhaps farther astray than the conception our fathers and grandfathers might have formed in 1881 of the world in which we now live.

Those of us who have seen it find it hard to recall a world without telephones, automobiles, airplanes, radios and moving pictures. Try then to picture 1981 when these as we know them will all be obsolete.

Festivities in America, Too



HOW easily enthusiasm for a foreign scene may obscure the familiar institutions of the homeland is brought to mind in Stuart Chase's "Mexico: A Study of Two Americas." Readable as is his recorded zeal for Indian customs, it is clear that our own folk ways are not lacking in the ecstasies of the Mexican *fiesta* which he extols.

Excepting the New Orleans Mardi Gras and the old fashioned Fourth of July, he contends that the *fiesta* is without compare. American adults never let themselves go as Mexicans do at their big parties, he complains. So? Well, what is it that makes the well-known welkin ring so regularly, and gives reason for curfew ordinances and noise abatement crusades?

Has all our "whoopee" gone for nothing? Is Mr.

Chase dead to the implications of all the signs spelling "silence"? Are there only sound and fury, signifying nothing, in our Saturday night festivities at country clubs and night clubs, at clam bakes, store outings, firemen's carnivals, and at college reunions? And the greatest of these is the convention.

Your confirmed delegate knows that all work and no conventions make dull business men. Granted that the convention is "a serious matter of conferences, lectures, demonstrations, seminars, and what have you in the way of consultation over problems of a profession or a vocation," it has its lighter moments.

Scientific Business Needed



JOHN STUART MILL said of the scientist that, "He should accept no doctrine from other people without a rigid scrutiny."

... Letting no fallacy, or incoherence, or confusion of thought step by unperceived."

The man in the streets and the business man himself need today to heed the advice as much as the scientist at whom Mill aimed it. They are apt to take their opinions by word of mouth and to form their judgments by the repetition of what others tell them.

Without thinking things through they parrot such phrases as:

"There's no place for a little business today" heedless of the statistics which show a tremendous preponderance of factories employing less than 500 men.

"The chains send all their money out of town and leave nothing there," heedless of the fact that the local merchant's goods are made in other towns and that the chain-store manager and the store itself are local fixtures.

"Banks are just out to get control of other folks' business," heedless of the fact that there's nothing a bank likes as much as prosperous customers.

To fight business fallacies, to overcome economic incoherence is part of NATION'S BUSINESS' editorial task. It is the subject of a leading article in this issue (see page 17); it is the text of a series of striking advertisements in the *Saturday Evening Post*, and *Colliers*, and newspapers.

Nothing is harder to kill than an untruth or a half truth. That's why NATION'S BUSINESS invites the help of 300,000 business readers in this battle, asks them to think what fallacy most affects their business.

A Fallacy in Publishing



ONE difficulty with the fight against fallacies is that too many of them contain a grain of truth. The fallacy which most distresses the editorial part of the publishing industry is this: They only print what the advertisers want them to.

A statement more than 99.44 per cent lie, but there are publications which are dictated to by advertisers, articles are published whose purpose is to win or to retain advertising. That editor would be hard to find who has never done something to oblige an advertiser—a something which makes him a little uncomfortable

still to remember. But the fact is that the 99.44 per cent purity just claimed for American periodicals is probably a just claim; practically all the editorial thinking and writing are done with an eye not on the advertiser but on the reader. Will he be interested, will he read it, will he accept it?

Yet the world goes on saying, "They only print what the advertisers want them to."

The Fallacy:

"Business Leaders Are to Blame"

By GEORGE E. ROBERTS

Economist and Vice President, the National City Bank

IT IS often said that our modern complex economic organization has developed beyond the understanding of the average man. He does not comprehend his own part in it or the benefits he derives from it. He does not understand that the organization has taken form without any comprehensive plan under the silent direction of economic law. Above all, he does not realize that the organization is like a great machine in which every part is dependent upon every other part and that the efficiency of the whole is dependent upon balanced

relationship and cooperative effort throughout. There is a tendency today to place full responsibility for maintaining these necessary balanced relationships upon the proprietors and managers of business alone; and this, of course, is a fallacy.

What is the position of the individual business situation? Any person is free to enter any honest business and manage it as he sees fit, subject to the laws which forbid agreements in restraint of competition.

If he is a manufacturer he must buy materials by reaching an agreement with somebody who has them for sale; if he hires labor he must pay the going wage, which certainly he is not able to dictate; when he sells his product he must reach an agreement with a buyer who usually is as able to bargain as himself; and if he enters into any understanding with other producers in his line for control of production or prices he is in danger of prosecution under the law.

If it is necessary to adjust the price of a product to accomplish distribution under such market conditions as exist at present he will be able to do little without the cooperation of all the principal factors in production, transportation and distribution.

If business policies are in any respect influenced by legislation, the proprietors of business have less influence with lawmaking bodies than the farmers or organized labor because the latter are more important political factors than mere employers.

In short, the proprietor of a business is hemmed in on all sides by conditions over which he has but limited control—hemmed in by the rights of others. Every party whose cooperation he requires, whether it be in supplying materials, labor, transportation or other necessary factors, has a right to bargain over the terms of his participation and to withhold cooperation if he is able and chooses to do so.

It is a common saying that production must be adjusted to consumption but this does not describe the complexity of the problem. The real difficulty is in obtaining the cooperation of all industrial factors in an adjustment of production and prices so that all products and services will meet in the markets on terms that will make them readily exchangeable. In other words, there is a need for flexibility and for harmonious cooperation throughout industry which is seldom recognized. To aid in accomplishing this, educational effort is needed, both as to the reciprocal character of business itself, and to the interdependent relationship existing between all groups. The editorial program projected by NATION'S BUSINESS in which the true nature of business is vividly portrayed should help materially in this direction.

Particularly will it help to have fallacies exposed for they exact a heavy penalty, not merely from business itself but also from those who entertain the fallacies.



"The Great American Voodoo," drawn by Charles Dunn, staff artist for NATION'S BUSINESS

Fallacies . . .

increase the hidden costs of your business

By RAYMOND WILLOUGHBY

Of the staff of NATION'S BUSINESS

EVERYWHERE it is commonly observed that people have false and mistaken ideas about business and business leaders.

These fallacious ideas pass current wherever opinions are expressed or views are exchanged. They come to light in publications as sophisticated as the glossy paper on which they are printed. They make golden texts for the pulp periodicals and lively controversy for the "masses." They are the meat on which our politicians feed. They are the stuff on which demagogues thrive.

In a very real sense half-baked popular notions hurt business and impair the public's confidence in it. They restrict markets. They prompt governmental interference, political agitation, and give rise to taxes. They limit business progress and opportunity. The high cost of this pervasive economic illiteracy comes directly home to business. Public relations and public information departments are striving to relax the tenacity of prejudicial beliefs, but people consistently captivated with the rhyme rather than the reason of campaign slogans and crusading catchwords are not easily to be won over to a process of thinking.

It is as if we reveled in the fancied proximity of bogeys, synthetic as the apparitions may be. To little practical purpose James Whitcomb Riley warned that "the Gobble-uns 'll git you ef you don't watch out." Perhaps it is worth while to take stock of some of the goblins that get us.

The elusive General Business

"WAIT till General Business picks up," is a complacent slogan that signifies a blind faith in the existence of a mysterious and omnipotent commercial entity. It is the fashion to worry about General Business—to ask "How's Business?" as if the state of trade were to be expressed by the health of some commercial colossus. Much more to the point of the present situation is the state of your business and your neighbor's business, for General Business is only the sum total of the business of individual establishments—of airplane producers in Washington, paper makers in Wisconsin, shoe factories in Massachusetts, motor works in Michigan, steel mills in Pennsylvania, oil refineries in New Jersey, copper mines in Montana, cotton plantations in Texas, clothing factories in New York—and to know how General Business stands, you will have to add in the business of the railroads, the gas and electric companies, the telephone and telegraph companies, the banks and insurance companies, the retailers and wholesalers—the 450,000 corporations, the



"The Clogged Smokestack," drawn by Edmund Duffy, cartoonist for the "Baltimore Sun"



SO LONG as the public view of business is distorted by a fog of careless thinking and prejudice, so long must business be needlessly handicapped. Mr. Willoughby gives you the picture in words. To put his words in pictures, we asked four cartoonists—C. H. Sykes of the "Philadelphia Public Ledger," Carey Orr of the "Chicago Tribune," Edmund Duffy of the "Baltimore Sun," and our own artist, Charles Dunn—to read the manuscript and interpret its message

million firms and partnerships and one-man businesses that constitute the business structure of these United States.

Yet we spend our time watching for a sign from the big fellows. "Wait and see what General Motors does," we say. "Watch Ford," becomes a national slogan. "Keep an eye on General Electric," we regularly admonish. "Don't make a move until Steel shows its hand."

A total of individual businesses

NO DOUBT there is a thrill in contemplating the maneuvers of a powerful, high-g geared business organization. But in the final analysis national prosperity is determined by the thinking and the acting of John Per Capita and Mrs. Per Capita and all their cousins and their uncles and their aunts.

Just as the nation is a composite individual, just so is General Business the sum total of individual businesses—the butchers, the bakers, the electric light makers, the grocers, the printers, the ice men, the coal dealers, the filling station operators, and all the others who give scope and diversity to our commercial interests.

General Business, forsooth. We are all colonels, majors, captains, lieutenants, sergeants, corporals, or part of the great rank and file of the industrial army. The trouble is we have made General Business seem remote and detached from the life and works of the individual American. Why, General

Business is only just as big or just as small as you and I care to say.

No one travels far without hearing about "the power trust," and that "it is out to milk the public." It is true that many large companies take their financial and operating direction from a centralized management, yet it is quite another thing to say that a similarity of policies signifies interlocking monopolies.

"But," the alarmists ask, "what about the National Electric Light Association and the interconnection of lines?"

If these attachments make the case, then trusts are the rule. The railroads have their associated interests and their intercompany use of tracks. But has anyone heard of a "railroad trust?" And, because many big stores are members of the National Retail Dry Goods Association, is anything being said about a "department-store trust?"

As for "milking the public," it may be worth while to define the power and light public. Through the establishment of customer-ownership, there are about ten million owners of utility securities in the United States. Probably it is true that some investors have not always been able to count their securities without betraying a loss. Certainly it is demonstrable that public utility shares have appreciated and rewarded the holders with sizable dividends.

Getting down to the domestic consumer—and there are 21 million of him and her—the position of the censorious is even more questionable. The average annual income per customer is \$31.80—representing 524 kilowatts at 6.07 cents per hour. Against this revenue, a total of \$48 is spent, figuring in the administration cost, and the prorated share of interest, taxes, depreciation, profit on plant investment allowed by law, and the "per customer" average of the cost of current used.

Those equations were worked out by Frederick A. Waldron, an expert investigator, who found that "we have a total per customer domestic cost of something between \$48 and \$50 a year. Then, let us say it is \$48 and subtract from it our original per customer income of \$31.80. We have left an average domestic customer deficit of \$16.20. Multiply this sum by the 21 million domestic customers in this country, and we have an aggregate annual deficit of 340 million dollars." From that situation it is readily deducible that the wholesale customer must make up the deficit and enough more to pay dividends.

"Bleeding the community"

IT IS commonly said, "The chains are bleeding the community white!" This charge has been amplified to read that chain stores send money out of town; that they do not pay local taxes or support local charities; that the standards of merchandise are lower; that they cheat in



"Blah-h, It's Just Made of Green Cheese," drawn by C. H. Sykes, cartoonist of the "Philadelphia Public Ledger"

weights and sizes; refuse to carry popular brands, pay lower wages, discriminate against local employees, and employ coercion and monopoly.

To these representations the chain managements reply by showing the distribution of the consumer dollar received by typical "chains." Figures from the L. K. Liggett Company show 65 cents went to manufacturers, 12 cents for local pay rolls, nine cents for local rent, nine cents for light, heat, laundry and other necessary local expenses. The five cents of profits were distributed to stockholders in all parts of the country. A middle western grocery chain, the Kroger Company, reports its division thus—77½ cents went to manufacturers, 12 cents for local pay roll, 2½ cents for local rent, ¾ cent for taxes, ¾ cent for advertising, ¾ cent for local repairs, 4½ cents for other local items, as light, power, charity, and supplies, 2½ cents profit out of which stockholders' dividends are paid.

Independents buy outside

THE visibility of this local expenditure is high enough, but what is not so clear is that the independent merchant usually does not buy his stock in trade locally, and that approximately as much or more of his customer dollar leaves the community in payment for the goods that are on his shelves.

The "othersidedness" of controversial questions is revealed in the contention of the chain people that chain stores pay taxes equivalent to other stores in the same line, that they look upon the community chest as a means of scientific giving, and that the majority of the National Chain Store Association's members have joined chambers of commerce in all towns where they have stores. As to the feeling about variations in package sizes, the Association declares that manufacturers of all nationally known products have certified that they do not make different size packages for chain stores, and they deny that they do not feature advertised brands. Chain-store wages, hours and employee morale compare favorably with independents, the chain defenders say.

Possibly there is an inviting opportunity for the independents in the Association's admission that, although there are 6,000 separate chain-store systems in the United States they do only 15 per cent of the business. Not always does the community take thought that it was the chains which in large part ended "the old cob-webbed era of the open sugar barrel, the cat on the meat counter, and overlong profits." The steady progress from storekeeping to merchandising is a change in which the independents have had the profitable opportunity to fortify their own resourcefulness with the

Nominations for the "Gallery of Popular Fallacies"

HERE are a few of the fallacies—the half-truths, the misrepresentations, the prejudices—that handicap business today. They were suggested by a score or more business men with whom we discussed this new feature.

"The Rich Pay Most of the Taxes."

"We Ought to Jail the Speculators."

"Next Year Will Be an Off Year Because of the Election."

"Two Per Cent of the People Own Ninety Per Cent of the Wealth."

"Machinery is the Cause of Unemployment."

"The Independent is Inefficient and Ought to be Wiped Out."

"There's No Business to be Had so I Play Golf."

"You've Got to Die to Win—That's the Trouble with Insurance."

"The Power Interests Are Out to Milk the Public."

"Bankers Try to Gobble up the Businesses They Serve."

"There's no Place for the Little Business Today."

"No Man Is Worth \$100,000 a Year to Any Business."

This list is not complete. It is scarcely a beginning. Every business labors under some burden of delusion and doubt. What special fallacy harasses your business? Write to me personally that it may be added to the gallery. The list and its additions will be discussed in NATION'S BUSINESS and, through the courtesy of the National Broadcasting Company, over a nation-wide radio hook-up.

MERLE THORPE, Editor

many innovations developed by the chains.

Another hardy perennial in the field of distribution makes the "middleman" the target. The wholesaler performs no useful function, his critics say. Yet it can be argued with reason that the "middleman's" services are necessary and must be performed by a separate agency, or as a separate division of some existing link in the chain of distribution.

A needed service

ON the other hand, the costs are frequently increased because of inexperience, the necessity of building new organizations and the resulting duplication of selling, warehousing and delivery activities. As matters stand now, the wholesaler keeps his place in the line from producer to retailer by maintaining an adequate and available stock of merchandise, selected as to quality, quantity and seasonal needs of his customers. He is a sensitive community reservoir on tap at all times.

The investment made by the wholesaler in providing this service relieves the manufacturer and the retailer of a considerable burden. Moreover, the wholesaler extends credit to retailers, and acts as a sales agent for the producer and a purchasing agent for the retailer. The question in his case

is not one of dispensability, but rather of who will do the job, the manufacturer, the independent wholesaler, or the retailer—and it will be determined, of course, on the basis of satisfactory service at lowest cost.

One of our most rugged beliefs glorifies the customer's infallibility. The idea that "the customer is always right" has cumbered business with a load of care. Rarely does a merchant raise his voice in protest. Samuel Reyburn, head of the great Lord & Taylor store in New York, is an exception. "The slogan is not only unfair, but even dishonest," he says. The results of a study made by the Retail Trade Board of the Boston Chamber of Commerce in 1928 found that the customer was to blame in 77 per cent of the cases in which goods were returned to the stores. What that figure means can be better understood when weighed with the Alexander Hamilton Institute's statement that women customers return 15 per cent of goods purchased. The total cost of this backfire is put at three billion dollars a year.

"The stores are getting away with murder," scoffs the suspicious customer. "They don't pay half the figure on the price tag" is a variation of a theme song familiar to department-store executives.

A look at department-store operating costs would temper the wind of public opinion to shorn profits. It is immediately

obvious from the expense figures that, before a store puts goods on sale, it must mark the retail price to a figure which will include its operating outlay and its expectancy of a reasonable profit. In these expense items are the total pay roll, fixed plant and equipment costs, advertising, taxes, interest, supplies, losses from bad debts, communication, and depreciation items.

Department stores have small profits

WHILE expenses have been exacting their pounds of department-store flesh, profits are more honored in the breach than in the observance. Figures compiled by the Harvard Bureau of Business Research show that of five groups of stores with sales volume ranging from \$150,000 to a million dollars a year, every group lost money—nine-tenths of one per cent for the lowest bracket and five-tenths of one per cent for the highest group. The bigger stores prospered in the shadow rather than the substance of percentage—one-tenth per cent for the stores turning up a business between a million and two million dollars—and 1.6 per cent, the maximum, for stores with sales at ten million dollars or more.

It should be clear—but isn't—that the retail price of goods must make provision for returns and allowances, and mark-downs. Costs have steadily risen, and net profits have declined. The markups about which critics are so vociferous have not kept big and little merchants out of the red.

Everyone is familiar with the idea that it is only the well-to-do who pay the taxes.

"What if the rich have to provide the thews and sinews of government? It serves them right for getting ahead in the world."

So runs a large current of popular reasoning. Possibly the error begins with the feeling that government appropriations for public roads, parks, waterways, farm relief and scientific research do not bear on individual incomes—that the majestic spectacle of government doesn't cost anybody anything. The only weakness in that idea is that we always get a bill for every "free" government service.

When more money is needed and the tax gatherer clamps a tax on an insurance company, the company simply pays out the policyholder's money, reducing his dividends, and thereby decreasing his equity in his company.

Likewise with the taxes on railroads, and the power and light companies. Everything the citizen buys which comes over steel rails carries its share of the railway tax, and no electric light bill is complete without its hidden tax. Taxes are passed on down to the end of the line. The ultimate consumer is the ultimate taxpayer.

Every business, every corporation selling goods or services charges its tax burden against its customers. It's part of the cost of doing business for which everyone in and out of business must pay a share. Taxes are in the rent of our houses, in the bread we eat, in the gasoline that keeps our cars going, in the radio that entertains us in the evening. True, these taxes are not specified in our bills from the landlord, the grocer, the butcher, the baker, the milkman but they figure in the totals just the same. Say that you do not pay taxes, or that the rich and the big corporations pay all the taxes, and you read yourself out of the land of the living.

An almost tropical growth of popular notions pervades the field of transportation.

"The Government guarantees the railroads 5¾ per cent on their capital," confides the man in the smoking car. As a matter of fact, the Transportation Act of 1920 merely set up a figure which was regarded as indicating a "fair return" on the property investment of the roads. The highest return for any year since the war was made in 1926, when the rate was 4.99 per cent. Last year the return was only 3.36 per cent. The surest way to discover the absence of any guaranteed return is to buy a share of railroad stock. Ask the security holder. He knows.

Along with this robust belief travels the enduring conception that the land grants to the railroads were outright gifts from the Government. The

(Continued on page 104)



"Anything to Hurt Business," drawn by Carey Orr, cartoonist of the "Chicago Tribune"

★ "KEEP away from England if you want to study unemployment. Come here only if you want to study political abuses," is the advice of this British publisher and observer. His account of how unemployment grew to become "the largest and most powerful of our vested interests" is particularly timely now when schemes for unemployment insurance are being advanced for the consideration of American business men and legislators



Sir Ernest J. P. Benn

England's Unemployment Bloc

By SIR ERNEST J. P. BENN, Bt.

Author, "Prosperity and Politics"

IT IS no use coming to England to study unemployment. You will hear nothing interesting or helpful on the real problem after you land. What you will talk about is politics, and most of it will be Dutch to you.

I have had the privilege in the past few weeks of meeting several groups of Americans visiting England in the hope of discovering wisdom that might help them with the unemployment situation in the United States. These men have been a great help to the English in bringing a breath of fresh air and a sense of reality to us but, unless they were Socialists before they landed, they have learned nothing to interest them since.

England, the land of fogs, is in the worst political fog in its history. The records of human folly contain nothing to equal our story from 1918 to 1931. The triumph of politics over reason has been complete. The country has been

run upon the theory that, having squandered our resources on a ghastly war, we are, therefore, ever so much better off. We are supposed to be enjoying the "Fruits of Victory," which in practice means that there is no limit to the ability of the taxpayer to provide whatever we care to vote ourselves. Pensions, health services, education, houses, come to us as if by magic when the politicians wave an Act of Parliament and we add to the national wealth by doing less work for more money.

Politicians and "world conditions"

ALL this post-war madness is now passing; the process is slow, but the recent reports of the Unemployment and Economy Commissions leave no doubt that the end is in sight. That end will be accelerated and the world will be infinitely better if the United States is able to keep its head. America can stand

out in this epoch of world distress as the guardian, on behalf of humanity, of economic sanity and practical common sense.

It is a mistake to imagine that unemployment is the result of some one cause and that we are all suffering for the same reason. Each country has its own peculiar difficulties and they are not all amenable to the same simple quack remedy. Germany has lost a war, France had five years of carnage on her soil, America has had an orgy of speculation, and England has the biggest tax bill in history.

Our politicians tell us that our unemployment is due to "world conditions"—politicians always put the source of the trouble as far away as possible. But world conditions have been bad for years, while ours get worse as our taxes grow. You must, therefore, keep big general considerations like these firmly in your minds when you

set out to discuss unemployment in England.

Such wisdom is easier to you Americans than to us English because you live in a larger place, with more economic fresh air, your perspective is better, your vision clearer and you can take longer views.

Largest vested interest

WHEN you get down to details and you come here to talk about unemployment, you must remember that it is the largest and most powerful of our vested interests. We are spending 600 million dollars a year on it. The law of supply and demand still runs, notwithstanding the politicians, and so we get what we pay for. Three political parties are dependent upon the continuance of unemployment, and an enormous and powerful bureaucracy grows and fattens upon it. The position has points of similarity with the condition of Austria in 1921, when half of the population was absolutely depen-

dent upon the further depreciation of the currency.

A complete understanding of our problem involves going back to 1909 when the State first began to arrange our employment for us. We were just developing that sloppy sentimentalism which arises from a failure to appreciate that the right to govern ourselves includes the possibility of misgoverning ourselves. We are beginning to talk about a benevolent State which cared for its people from the cradle to the grave. We had just adopted old age pensions, and destroyed the foundations of thrift.

In 1909 we established labor exchanges. In 1911 unemployment insurance was first introduced. We had accepted the idiotic idea that it was the duty of the State to find us work. The speeches of the politicians at that time are worth reading. They tell us that unemployment, which was then less than three per cent, was to be wiped out, poor relief was to disappear, rates were to pass into history, and we were

to enjoy the rest of our lives in a well ordered, properly organized, scientifically planned State.

The working man in Huddersfield had only to go to the Labor Exchange where the beneficent official with a card index would tell him at once of a job waiting for him at Exeter. This was the beginning of the "planning" idea, now so popular.

Bureaucracy upset the plans

BUT we reckoned without the bureaucratic bug. No sooner had we provided a few thousand clerks with jobs on schemes devised by professors and experts than we discovered their futility and were driven to adopt insurance against the very thing which they were already paid to prevent. The history of the Ministry of Labor should be a warning to America. It is now an enormous institution spending more money than Gladstone or Salisbury ever spent on the whole of the government of the Empire, and represents today a huge vested interest whose life depends upon the absence of the thing it was invented to provide.

It is necessary to realize how completely in 1911 the notion of a grandmotherly State providing for our wants had captured the imagination of the country. The shrewdest political observer of the time, Toby, M. P., of *Punch*, entered in his Diary on June 21, 1911, these significant words:

"Truce sounded over Insurance Bill. Leaders of Opposition, wise in time, not going to repeat blunder of their attitude on Old Age Pensions, leaving full credit of vote catching measure to the enemy. Prince Arthur grasping hand stretched across table by dexterous Chancellor of Exchequer, has agreed to work in common, with sole purpose of making best possible Act out of the Bill."

Insurance gets votes

FROM that day to this every political party has been vote catching with the bait of insurance benefits. In 1911 we started with two-and-a quarter million insured workers, and contributions from employers and employed of five cents each.

In 1930 we had 12 million insured workers and contributions of 18 cents apiece. The five cents in the early days paid for benefits. The 18 cents today provides barely a quarter of the money which the State pays out.

The story from then till now is one long tale of concessions. Anyone who thinks about it will see at once that it



INDISCRIMINATE DOPE

The Horse (addressing John Bull) "It's all right, gov'nor. This isn't meant to make me try any harder. It's just a comforting drug."

John Bull. "If this goes on, somebody will be warned off the course."

REPRODUCED FROM "PUNCH"

could be nothing else. Day by day Parliament is regaled with some story of some person or class at a disadvantage in relation to some other person or class, and there is only one answer to that sort of argument. A study of the history of this miserable business discloses more and more folly as we go along.

In 1924 a body of distinguished university pundits published a volume of statistics and academic argument, and reached this interesting conclusion:

"If no change occurs in the birth rate, the problem 15 years hence may be an insufficiency of labor."

This is a perfect example of the dangers of five year and other sorts of plans which come out of the brains of experts. We are half way through the 15 years and the sufficiency of academic nonsense is more apparent than the insufficiency of labor.

It is a great mistake to worry about the much discussed abuses of the system. It is the system itself which is fundamentally wrong, and abuse is inseparable from it. Criticisms of the girl about to be married who takes her sister's place in a factory for six months so as to be able to add her insurance benefit to her husband's income is not fair.

The State has no morals and no morality is expected in dealings with it. That is in the nature of things. Nothing else can ever happen.

The State is a clerk in a government office interested in nothing but administrative technicalities, and the citizen is in duty bound to arrange his affairs in such a way as to get the most out of those technicalities. Nothing is easier than to write long articles about abuses, or as we more politely call them, "anomalies."

The sailor who comes ashore with his pockets bulging with money and draws the dole while enjoying his holiday; the Sunday newspaper worker who takes \$22.50 for a Saturday evening's work and then draws the dole for the rest of the week; the employers and employed who conspire together and, instead of working short time, have two weeks on and two weeks off to qualify for benefit—all these things are perfectly legitimate in a politically run world. The more Acts of Parliament, the more rules and regulations, the more forms and ceremonies that are devised to stop them, the worse the condition becomes.

The real abuses are bigger and more

serious: for example, the degrading cant expressed in the phrase "through no fault of his own."

We are supposed to have nearly three million unemployed and, if you believe the politicians, parsons and all the other flattering wiseacres who talk about this thing, the unemployed man is always so placed "through no fault of his own." The British citizen, according to these people, doesn't know how to work, doesn't know what he wants, can't find his own job, is not responsible for making it or keeping it—all these things are



THIS ARTICLE was written before Premier MacDonald's Labor Government resigned. Subsequent events in England seem to indicate that Sir Ernest's ideas are not only sound but inevitable of acceptance

arranged by the politicians. Coming quite logically out of this bunkum is the worst of all the abuses which was put upon us by the present Socialist Government. Until they came into power we had a nominal obligation to be "genuinely seeking work" before we could draw the dole.

That obligation was more nominal than real because of all the artificial limitations such as our trade union rules. However urgent was the need, for instance, for a bricklayer's laborer, a printer's assistant would technically be "genuinely seeking work" if he declined a job in the other trade. Still, the limitation did tend to minimize the trouble.

Too many bureaucrats

NOW, under Socialism, we have to employ a great many more bureaucrats to prove that a man has had the offer of a job and declined it before we can refuse him his dole, and even then we can only withhold it for six weeks.

I have perhaps said enough to justify my advice to America to keep away from England if Americans want to study unemployment, and only to come here if they have an interest in political abuses. We must be left to clear up this intolerable mess ourselves, and it will be no service to us if America flatters us by following the same disastrous road.

We shall clear it up. The clearance

will come out of the sterling common sense of the working people of this country, who are becoming thoroughly disillusioned. The politicians, as usual, will follow. It is well to remember that modern politicians always follow, they never lead. As they slowly begin to realize that the people do not want bribing with their own money all this trouble will disappear. For the moment the Socialists are kept in power by the sheer funk of the Conservatives. That great party has not yet developed the courage to acknowledge the mistake of Arthur Balfour in declining to leave "vote catching to the enemy."

England has passed through 20 years of loss of touch with industrial realities. This insurance swindle has led us to forget that the consumer exists. We have imagined that we wanted to work for work's sake, forgotten that we work for others, thought only of wages, filled our minds with production and ignored the consumption which is the purpose of the whole business.

Above all we have followed to its limit, explored and exploded, the idea that the State can keep the people. The truth is, of course, that the people keep the State. The State is a liability, not an asset. Its cash balance is always a deficit.

The State is a futile and dangerous conception in connection with the feeding, clothing and material well-being of its people.

We English all know this, we believe it, but we like our politics. We are very wealthy, very comfortable, and it has for a time amused us to dabble in what we call Social Reform. We have discovered the errors of our way, and the balance of the twentieth century will be occupied in wiping out the blunders of the first 30 years.

America will render to us and to the whole world a real service if she will cling to the truth so admirably summarized by Macaulay in 1830 when he wrote:

"Our rulers will best promote the improvement of the nation by strictly confining themselves to their own legitimate duties, by leaving capital to find its most lucrative course, commodities their fair price, industry and intelligence their natural reward, idleness and folly their natural punishment, by maintaining peace, by defending property, and by observing strict economy in every department of the State. Let the Government do this—the People will assuredly do the rest."



Let's Talk

Maintaining real wages and maintaining specific piecework or hourly rates today mean two entirely different things

BUSINESS men should stop trying to fool themselves or each other on the question of wages.

We say that wages should not go down—that they must not go down. In the meantime they have gone down and we know it. Why not look the situation squarely in the face and discuss it intelligently?

It is both easy and popular to say that wages must not be reduced, and we are sincere when we say it. Employers of labor are as thoroughly sold on the American theory that good wages make good markets as their employees are on the theory that the laborer is worth his hire. But does either class always know just what it means when it talks about wages? I doubt it.

It is perfectly true that the high wage levels in this country have created the vast domestic market which is the basis of our unparalleled prosperity as a nation. But high wage levels are of no use either to the wage earner or the market which looks for his spending if those wages are not being paid.

Wages are a wholesale, not a retail matter, when we consider them in the light of their effect on general markets and prosperity. The wages which make our markets and set our standards of living are the total pay rolls of the country, not the individual pay envelopes of a part of the working population. Is there any doubt that the total pay rolls of the country have been sharply reduced and show little promise for any immediate large increase? I think not.

Three things have brought about this reduction. Some 15 per cent of our working population is out of work entirely or living on odd jobs and charity. Possibly another 20 per cent is working on shorter time, drawing possibly enough for frugal living but little more. Then there have been actual pay reductions in many clerical or common-labor places, where the law of supply and demand has much more effect than among skilled workers.

This reduction of pay-roll totals has not been the choice of employers. It has come because, at the prevailing demand and prices, they could not produce their merchandise and sell it at a profit. Costs of production and selling prices are out of adjustment. Unable to continue normal operations without great loss and unable to cease operations entirely

without greater loss, most employers have crept along on minimum scales with earnings statements showing marked reductions or red-ink figures.

To offset the lack of balance between production costs and selling prices we talk of effecting economies in operation. This means nothing more or less than reducing labor costs. Material costs have gone down in the general price recession and material and labor are the greater part of the cost of any manufactured article. So economy of operation can only mean reduction of labor costs in one form or another. Why not be honest enough to admit it?

The trouble is that too few of us are willing to think far enough to see what wages really are. We talk about one thing and mean another. When we say that wages must be maintained we mean that the American standards of living must be maintained—that the American workman must continue to be able to live well and to have his car and his household appliances and his recreations.

"Wages" now means two things

WHEN the industrial conference called by President Hoover after the stock-market crash in 1929 went on record as opposing any wage reduction not only those of us who sat at that conference but the country at large felt that a great step had been taken toward safeguarding American living standards. That was what everybody had in mind.

At the time that conference met, safeguarding our living standards meant a continuance of specific hourly, daily or piecework rates of pay because, at that time, retail commodity prices had not come down. If he was to live on the same scale as in the past, the worker had to have the same number of dollars in his pay envelope that he had been receiving.

In the year and a half which have intervened, commodity prices first began to sag, then to drop noticeably and then to strike the toboggan, sliding to levels which compare, in many lines, with the lowest in 50 years. The dollar, whether it is a wage dollar or any other dollar, will buy from 15 to 50 per cent more than it would two years ago.

Maintaining wages—the real wages which are translated into living standards—and maintaining specific hourly, daily or piecework rates, have come to mean two entirely different things. Maintaining real wages, as expressed in the buying power of the worker, means maintaining the American living standards just as it always did. Maintaining specific rates means raising the buying power of a fraction of the workers at the expense of the rest. Is that what we are trying to do?

Maintaining specific rates because we are afraid to look the wage problem squarely in the face throws the production costs of such merchandise as is being produced out of balance

Frankly About Wages

By E. J. Kulas

President, the Otis Steel Company and the Midland Steel Products Company



MR. KULAS started his business life from scratch, working successively as telegraph operator and station agent, bookkeeper, sales manager, and manager. He knows the wage question from both the employee's and the employer's viewpoint. Here he presents his views on one of the principal questions now confronting labor and industry in this country

with the commodity prices which prevail. The result is a demoralized market, reduced commodity sales and unemployment.

Until we restore the balance between manufacturing costs and merchandise prices there will be no healthy growth of business. One-third of the workers are idle a part or all of the time and have no buying power for anything beyond the sheer necessities. The rest, working at higher wages than ever before in the history of the country, do not spend. They fear that their day of unemployment may come or they think prices may not yet be at the bottom.

The situation is accurately reflected in growing piles of idle money in the savings banks and through all the financial marts of the country and extremely unsatisfactory earnings statements by most industrial concerns.

Adjusting wages and prices

TO RESTORE this balance between costs and selling prices one of two things must happen. Retail prices must go up or specific rates of wages, where they are now out of line, must come down. There is no other solution. No country ever prospered as a whole whose business institutions were being run at a loss. Unless there is a reasonable minimum of return between cost and selling prices in those industries where maladjustment is most pronounced business

cannot exist. My own belief is that there will be no marked or sustained rise in commodity prices for some years although some rebound from present distress levels is inevitable. Trace the lines of commodity prices on the long-time business map of the country and you will find that, although price recessions have been sudden, price recovery always has been slow. Prices tumble in a hurry when people lose confidence and people lose confidence far more quickly than they get it back.

If prices could be raised and people induced to buy we would speedily get back to a prosperous level but neither the manufacturer nor the merchant can guarantee that people would buy at higher prices. Putting a price tag on an



Paying some workers more money in commodity purchasing power and letting the rest starve is not protecting American living standards

article is one thing and finding a buyer at that price is something else. For higher price levels to hold they must be justified and supported by demand.

If selling prices cannot be adjusted to balance production costs, the only alternative is to adjust production costs to balance selling prices. That means economies in production. Some of these can be found in retrenchments and improvements which do not affect the pay of labor but, in the main, economies of production mean reductions in labor costs.

Wage adjustment will bring criticism

DOUBTLESS the man who declares that specific rates of pay should be reduced where they are far out of line with selling-price realities will call down on himself a flood of bitter criticism from well-meaning persons who fail to see the difference between real wages and dollar wages. Yet such a view is not a theory advanced by bankers or any one else—it is a development which is taking place every day in many individual industries under the irresistible pressure of stern necessity.

I see no sense in trying to fool ourselves and each other on this wage matter. We might just as well say out loud what every employer says under his breath—that specific wage rates must be adjusted to somewhere near the realities of commodity prices before we can approach a return to normal conditions of prosperity. This does not apply perhaps to all industries but it does apply to many and it is to these that I refer.

We started out to protect the American standards of living and we must continue to protect them. But paying part of the workers more money in commodity purchasing power and letting the rest of them starve because we cannot get enough for our goods to pay for making them is not protecting American living standards.

Two things are necessary before we can again approach the total bulk pay rolls which mean for the workers as a whole the enjoyment of American standards of living. The purchasing power of those now partly or wholly out of work must be restored and the purchasing willingness of those who are employed must be brought back through the restoration of confidence in the industrial future.

The first step in accomplishing this double result is to stretch the present pay rolls over more men and more goods—over more men so that unemployment may be reduced and purchasing power consequently increased and over more goods so that production costs may be balanced with selling prices and some degree of market stability established.

This can be done without working any injury on the workers themselves. Specific wage rates should not be reduced any further than commodity prices have been lowered. In fact I do not think they would have to be reduced as much. Industry in general has been doing a lot of reorganizing for purposes of economy and I believe that a reduction in specific wage rates which would balance costs with selling prices would not have to be as great as the reduction in commodity prices has been. If that proves true so much the better.

As a rule there is more heat than logic in the arguments on wages, particularly in the arguments of those who believe that every specific rate which was in force two years ago when the boom was at its height should be maintained. Occasionally we find some clearer thinkers.

Last spring the heads of the pottery industry and the officials of the pottery workers' unions held a week's conference on wage scales for the coming year. At the conclusion of the conference it was announced that, inasmuch as

the selling prices of the pottery makers were considerably lower than they were a year ago, the workers had agreed upon a specific wage scale for the coming year ten per cent lower than the scale prevailing last year.

There is an example of cooperation which ought to be a lesson to industry generally. The pottery workers receiving ten per cent less in dollar wages than they did a year ago will be better off in purchasing power than in former years because commodity prices are reduced much more than their dollar wages. Because they have helped to reduce the cost of the merchandise they make, their employers will be able to give them employment while other workers who have insisted on hanging onto their specific rates will be working part-time or not at all.

In another instance, a steel plant reduced wages. Employees resented this and went on strike. The wage rate was restored but the plant found it impossible to continue at a profit and was thrown into a receivership. Then the men, seeing the situation which high costs had brought, volunteered to take a cut until the company could work out of its troubles.

If anybody thinks that industry is going to get out of its present position without looking squarely in the face every factor which has to do with the costs of operation, he has more thinking to do. The sales dollar is all that a manufacturing industry has to do business with and the sales dollar has been shrinking in marked fashion.

The steel business illustrates the point. Steel is a basic commodity which enters so largely into all industrial processes that its joys and sorrows are the joys and sorrows of industry generally. What has happened to the sales dollar in the steel industry is fairly indicative of what has happened to it in other lines.

Steel prices compare with 1913

DURING the past year steel prices have gone back to 1913 levels. Black sheets which sold on February 1, 1913, for \$2.20 sold on February 1, 1931, for \$2.329, but galvanized sheets which sold in 1913 for \$3.05 sold in 1931 for \$2.90. Hot-rolled strip, which brought \$1.55 base in 1913, brought \$1.65 in 1931, but cold-rolled strip, which could be sold in 1913 for \$3.25, brought only \$2.25 in 1931. Sheet-strip prices on February 1, 1913 and February 1, 1931 were identical.

But while steel selling prices have been going back to the 1913 level the costs of production have declined little from the 1928-1929 rate. Hourly rates of wages in the steel mills are 149 per cent higher than they were in 1913 and 45 per cent higher than in 1921. Freight rates on steel, both raw materials and finished products, are roughly 90 per cent higher than in 1913. With labor costs and freight rates taking such a big bite out of a shrunken sales dollar there is not enough left to pay the rest of the costs of manufacture in many instances.

To a large extent the laws which govern industry are inexorable. Men may plan but that is as far as it goes. Nobody can make people buy when they are not ready or pay a price they think should be lowered. The only thing yet discovered that will induce buying is intelligent selling of merchandise which the people want and are able to buy at prices they think are right. It is evident that people would not be willing to buy at higher prices when they will not buy in reasonable quantities even at the present abnormally low prices.

If we cannot expect higher prices, therefore, the only thing we can do is to get production costs balanced with present prices and at least make them stable. Except where com-

(Continued on page 124)



Through the ages man has cherished his jungle ethics—man has preyed upon man

Today's Challenge to Business Men

By WILLIAM KIXMILLER

President, Commerce Clearing House, Inc.

DECORATIONS BY LOUIS FANCHER



MAN has been more than monkey for at least two million years. Yet despite his gradual divorce from jungle life he has cherished his jungle ethics down even to our own day. Through the ages, man has preyed upon man.

Since the advent of commerce, down until recent years, most wealth gathering has been a racket. But now, happily, only a diminishing part of wealth gathering can be so described, and that part stands out like a sore thumb. World forces are so shaping themselves that the law of self-preservation, the first law of man, now requires that men co-operate and not fight and plunder each other.

Can it be, then, that we are approaching the most signifi-

A NEW world empire, brought about not by political conquest but by the efforts of business to improve the condition of all humanity—that is what Mr. KixMiller visions here. This is not a happy dream, he says; it is even now on the way

cant event in historical times? Are we among the last of the barbarians? Is mankind about to change its habits of millions of years, based on the dog-eat-dog principle? Are men, for the first time, becoming conscious not merely of self-preservation or even group-preservation, but also of the preservation of humanity?

If these questions are answerable in the affirmative, history in the fu-

ture will be divided into two parts, the first recording the conduct of peoples, tribes and nations who lived by war, the animal way, and the second that of people who lived by co-operation, the human way.

Again if the answers are in the affirmative, it is men living today, using business as the handmaid of science, who are

bringing about this biggest event in all social development.

And the answers to these questions are affirmatives. The beginnings of these startling phenomena are even now upon us, though they have come so quietly that few are aware of them and of their significance.

Advancement of the whole

THESE beginnings lie simply in the growing recognition of two principles. First, that there must be an adequate flow of purchasing power to the producer, so that he can buy the products of industry. Second, that world business is essentially a bartering process, and prosperity requires that both sides buy and profit. Or, to combine the two principles into one, that advancement of self can come only through the advancement of the whole.

It can be truly said that success or failure in the application of these principles will determine the future course of mankind. Solidarity must henceforth dominate the affairs of men, for men have so conquered the forces of nature that they can now, in the struggle for existence, completely destroy one another through war.

This change is coming about, not through the tortuous and gradual development of moral improvement, but through the fact that today men can satisfy their age-old individualistic instincts and impulses through cooperative action. Kant's injunction to treat every man as an end and not as a means can and must be practically applied to affairs domestic and foreign. The positive answer to the Scriptural question, "Am I my brother's keeper?" has now become natural economic law as well as religious law.

It appears that the new economics of production which compel an equivalent in consumptive powers will lead to a new attainment, because the individual best realizes self by working for the whole. The realization of social values and individual values now depends upon the balancing of these values. Science, the machine, and business have made such extraordinary changes that there are now no all-containing units, no self-containing systems; each man, each group, each nation must function as a complement, one to the other.

In a world of economic solidarity there will be no worry over the monopolistic control of raw materials. People will not be concerned about the division of land; they will be concerned about the division of labor. The land-problem idea is a hangover from times when the question of subsistence was not an economic problem, but one solved by migration and conquest.

Today, Chicago is not worried because it derives its paper from Canada, coal from Pennsylvania, oil from Texas or steel from Gary, Ind., and not from Illinois.

In a world where business

All races now sense the lately discovered principle that the world will prosper only as a unit



flows freely, Japan, with its teeming millions, will not have a land problem, that is, an emigration problem. Because of comparatively unrestricted trade and a high standard of living, Manhattan Island, with a much greater population per square mile, does not have a land problem.

With a standard of living equal only to that we now have, Japan should not have even an employment problem. With a rising standard of living, a rapidly decreasing percentage of people is required on the soil and an increasing percentage is required to make goods and render service. Given science, people will not so much live on the land as on the ability of their business men.

Population problems, land problems, emigration problems, raw-material problems and access-to-the-sea problems are not business problems—they are war problems. Their solution lies only in a new consciousness that looks beyond political frontiers to an economic sense of the whole of reality. This will come when the state mind gives way to the economic mind; when territorial aggrandizement gives way to business aggrandizement, the latter distinguished by power to serve rather than power to compel service.

Governments are rooted in tradition and cannot as integers serve the universal economic mind. This does not mean that governments will disappear. On the contrary, because of the increasing contacts of men, they will grow in their usefulness but they will lose in significance. Our attitudes with respect to national states are changing. Instead of occupying exalted positions living in and for themselves, each a whole in itself, they are becoming parts of a greater, more universal activity. We are beginning to consider them, not as major-domos, but as institutions of service satisfying collective wants—the postmen carrying some of the useful loads of our ongoing affairs.

The world as a unit

WALLED cities were once integers—independent wholes. Now these cities are parts of the larger communities in which they find themselves. Immediately after the Revolutionary War, many of the first citizens of Virginia, including Patrick Henry, strenuously opposed the Union on the ground that a Virginian could not be a good citizen of a larger community.

The awakening of China, Russia, and the so-called backward peoples does not lie in the promise of any particular form of government but in the promise of the new industrial civilization. All races now sense the lately discovered principle that the world will prosper only as a unit, and that the new economic civilization is the heritage of humanity and not of groups of men. They all want the good things of life. And who can blame them? The good things of life for most

people are still food, clothing, housing and other material values. The struggle for subsistence is even today the pressing problem, appallingly fierce and fearful. At this moment "Give us this day our daily bread" is not a figure of speech, but an agonizing petition of millions of men.

Dawn of materialism

ACCORDINGLY, the age of materialism is only at its dawn. The high noon is 50 or 100 years away, with a world standard of well-being several times our own. When mankind has gained economic freedom through the scientific technique of modern production and has balanced production and consumption, only then will wealth be taken for granted and man will find greater value in nonmaterial pursuits. Ours is properly the materialistic age. We will let the future generations build a new universal culture on this foundation.

It follows that governments cannot in the future maintain exclusively their own ends. Because all peoples are awakening to a new commercial consciousness, the state will decline in its significance in favor of a new organism which will include the state as one of its tools for the operation of those facilities of social welfare which the state logically should conduct; and as controlling apparatus, for instance, as an umpire, in that most difficult task of establishing an equilibrium between supply and demand.

From now on, the whole of mankind wants to live its life to the full in material satisfactions, and because of the growing power of men over nature, no group can withhold the right to consumption from any other people. Henceforth, states must correlate themselves within the framework of a new totality, expressing a higher state of integration than that conceived on legalistic levels.

This development is certain. There is no alternative. We have gone too far on the road of science, industrialism, and business to turn back.

International questions and problems which now present a seeming *impasse* will, as we go along, gradually disappear. The issues will become inconsequential through the emergence of new conditions. The new economic forces refuse to be confined in the framework of old political imperialism. Imperialism and its enmities will disappear in the operation of new ways of cooperation.

The startling break-up of the English Empire and the formation of the British Commonwealth of Nations, owing no legal allegiance to a common sovereign but held together by economic habits of cooperation, is an example of this new method. There should be no objection to a multiplicity of sovereignties, provided they lose in significance.

Even the Soviet system is primarily a business venture



The new economic civilization is the heritage of humanity and not of small groups of men

and its future lies solely in its ability to give the long-hungry people of Russia food, clothing and shelter. Our job with respect to Russia is to see it in its proper relation to the rest of the world—as a vast business institution—and to become less afraid of it. Despite present incompatibility in our different ideas and ideals, we must work this thing out with Russia. Friendship is as inherent to international business as is juice to an orange. The concept of force cannot apply within its domain.

Perhaps I should say here that I devoutly believe in the capitalistic order. I believe in its strength and am not afraid of its contacts anywhere. I believe in capitalistic experimentalism; through this process life is a laboratory for each individual, high or low, and only through this process can he obtain progress and satisfaction. I believe that if strong men must will to power, and apparently they must, humanity will fare better under capitalism than under any other system.

I believe in the necessity of balancing individual values and social values, by which method alone true values can be determined. All progress depends upon proper equilibrium being established between opposites. Can a plane fly in a vacuum? Can an automobile run on smooth ice? The grip of life requires the equilibrium resulting from traction and tension, and these, with respect to the mind, are dependent upon the necessity of choice in values. An ever deeper comprehension and growth depends upon the proper awareness of values on the part of every individual, and this can come only through trial and error. Through the capitalistic order each individual partakes up to his capacity of absorption in the values society has attained, and each contributes up to

his capacity in the policy and direction of the ongoing activity of all.

Finally, I believe in the healing forces of a rising standard of living. I am convinced that the business men of America, depending exclusively upon the righteous power of capitalism and the soothing efficacy of a constantly increasing standard of well-being, can become the leaders in solving the problems now torturing mankind. Business men, by example and through the experimental way, by the exercise of ordinary integrity and faith, can remake the world.

An economic world

WE ARE in a transition from a political to an economic world and there is a cross-pull of these forces. Business depression comes from international political distrust everywhere. But we cannot get together politically. The only solution is to forget political mechanism and depend upon economic mechanism, upon which the whole universe is in fundamental accord. International political diplomacy is bankrupt because the pay dirt of Machiavellianism is all washed out; but the pay dirt of international



industrialism lies all ready for economic statesmen big enough and bold enough to work it.

The first step toward the great goal lies not in political entanglements attempting to dictate peace, but in vigorous action tantamount to living peace. We will live peace by means of commercial treaties and by the trustification and cartelization of business by men intelligent enough to synthesize individual and social idealism; men big enough to build an international trade of a volume of which today we only dream.

In like manner we will live peace through international banking consortiums, balancing the functions of gold, credit and general finance, and bold enough to lend billions where millions were loaned before, exclusively for economic uses.

We will live peace by a great multiplicity of voluntary organizations which will sponge out political frontiers, thus developing new habits of mind which will disregard legalistic abstractions as a transcontinental traveler disregards the boundaries of the states he crosses.

We will live peace through international associations of scientists, doctors, lawyers, teachers, philosophers, and writers, through international business corporations, and corporations with stockholders all over the world and through international partnerships, selling agencies, agricultural societies and service clubs.

We will live peace by all sorts of nonpolitical intercourse motivated by the desire for mutual advancement, a pluralistic society held together through natural order because constant improvement in well-being is the lot of all.

Thus all powers and capacities of men will be so increased by cooperation that entirely new relative values, spiritual as well as material, will come into existence.

Business on a wider scale

THE promise of business universalism is logical in more ways than one. Although it is true that instincts, still rooted in savagery, respond but slowly to intellectual conclusions, yet conduct, being largely a matter of conditioning, may start out as one form of behavior and quickly change into another, through the emergence of new responses to old instincts. Experiences we have in common are becoming more important than the things which divide us. Business is giving

meaning to those activities which apply to total relationships.

The new habit of cooperation, making all nations complementary within the framework of a higher synthesis, gives a new sense of reality and significance. This naturally develops a new type of self-respect in which superiority depends on values with integrating characteristics rather than on values exclusive to race or nation.

Progress despite handicaps

THE methods by which mankind goes forward are indirect, like pioneering a new trail up a mountain side. At the start, afar off, the climber sees the top and travels toward it. Again and again he finds he has taken the wrong road. For long distances he loses sight of the goal. Despite these discouragements, however, he has the great satisfaction of realizing that he is on the way and surprising and splendid visions of the distant summit become visible again and again.

Sensing the truth and struggling for its realization is a law of life. Truth and living, in the sense of social organism, are a composite. Groups of men cannot be dogmatic about the path human society will follow.

There is a process in chemistry known as catalysis. Under proper conditions, when certain chemicals are introduced into the presence of certain metals, the chemicals form new combinations. The metal itself is not transformed and is not reduced in the slightest. The metal seems not to concern itself with what is going on and yet stands as the all-powerful agent, producing results not possible except for its presence.

Just so, business men by their activity are a powerful agent in that greatest experiment ever conducted by man—the process of eliminating poverty from the earth. If this is progressively accomplished they will bring into play the principles of world solidarity through a higher force of social organism, a world society ruled from within itself, obeying the natural laws of cooperative existence. These laws are so obvious and in themselves have such attraction as rules of proper conduct that they need no external enforcement.

Good will and peace will come upon the earth not because of rhetoric, emotional appeal, intellectual persuasion, or governmental decree, but because, for the races, obedience to these natural laws becomes the preferable form of behavior.



The good things of life for most people are still food, clothing, housing and other material values. The struggle for subsistence is even today a pressing problem

How North Carolina Cut Its Costs

By O. MAX GARDNER

Governor of North Carolina

LIKE most states, North Carolina's governmental costs have soared since the War. Last year reductions became imperative. The Governor and the general assembly worked together—and cut costs some ten per cent

AFTER NEARLY a score of years in public service in my native state of North Carolina I came to the governorship firmly convinced that the state government was in need of far-reaching changes and revisions in organization and activities. That conviction grew out of a belief that government exists solely for the welfare of the people, and that any government should be adjusted from time to time so that it might serve the people in the best manner.

In the quick march of industrial, educational and social progress of the last two decades, our state governments have experienced some severe growing pains. A check-up shows how easy it has been to scatter organizations here and there, to distribute powers and responsibilities among increasing numbers of boards and commissions, to create numerous agencies for paternal supervision and control, and thus to increase the cost of government far beyond the benefits it actually returns to the citizens whose welfare is its supreme reason for existence.

In trying to answer the question "How much government is essential to the people's welfare?" theorists may philosophize, economists may accumulate mountains of mathematical formulae, and public servants may sweat and agonize. But it seems to me that the answer may be found in a continuous attempt to bring government back to the essentials of human welfare—the



SIDDELL STUDIO, RALEIGH

Governor O. Max Gardner

protection of life and property, the administration of justice, the encouragement of education and public welfare and the guaranteeing of the blessing of liberty, at a cost which can reasonably be borne by all according to each citizen's resources and ability to pay.

In 1913 the cost of the state government in North Carolina was \$5,500,000. By 1918 it had reached \$23,500,000. Last year—1930—the cost reached 100 million dollars. In the meantime, the bonded debt of the state and its subdivisions has grown stupendously. Much of this increase in expenditure and obligations represents genuine and needed progress—the kind of which North Carolina is justly proud. But such figures merit close study to see if they represent essentials, and if they are within our ability to sustain.

Changes towards economy

WE SET OUT in North Carolina to bring about some sweeping changes. A general assembly, which will no doubt go down in the books as one of the Old North State's truly great legislatures,

worked constructively with me on the program of revision and reconstruction. Some observers have declared the results revolutionary. Not at all. Any changes made, we feel, are simply the application of common sense to this big business of state government.

Briefly summarized, the efforts of the state administration and the 1931 session of the general assembly along lines of reorganization in state government accomplished four important objectives:

The relation between the state and its governmental subdivisions was simplified and clarified. Increased efficiency was made possible through improved governmental organization and administration. The tax burden was thoroughly readjusted. The total cost of government was reduced.

In clarifying the relations between the state and its subdivisions, the general assembly accepted the idea that certain public services affect the life and welfare of the entire state and that, as state services, they should be state-administered and state-supported. In this connection the two most outstanding changes dealt with the support and administration of public schools and of highways and roads.

The school systems in most states grew up with no unified planning. They are spotted and irregular, representing diverse community thinking, local in nature and at times inefficient in operation. They are often most expensive at their weakest places.

Central points in the reorganization of public-school support were the provisions that the state should assume responsibility for a uniform minimum term and that this support should be provided in the main from sources other than *ad valorem* taxes on property. This legislation, embodied in the MacLean Law, was the center about which were fought out major issues in each of the four general objectives I have indicated,

and it provides a striking example of how one objective almost invariably overlaps the others.

An opportunity for economy

THE MacLean Law not only established a principle of relationship between the state government and its subdivisions, whereby the state assumes support and control of activities of state-wide interest, but it also provided an opportunity for increasing efficiency in governmental organization and administration; it provided a shining example of how taxes on property could be reduced; and it gave the general assembly its biggest chance—with the possible exception of the road law—to reduce the total cost of government. The machinery to carry out this law provides for a reduction in the total expenditures for the state school system in an amount estimated to range between 10 and 15 per cent.

Under provisions of the road law a reorganized State Highway Commission assumes complete control of, and the state assumes responsibility for the support of, every foot of the 45,000 miles of county roads in North Carolina. The total investment in public roads in this state is greater than the investment in educational facilities. A great administrative gap has existed between the State Highway Department in the maintenance of state highways and many of the county road commissioners in the maintenance of county roads. As a result, the debt for county roads has rivaled the state debt for highways and the tendency has been to increase the county levies for road maintenance and debt service.

The old system of district road commissioners, responsible only for their limited territories, has been abolished. A State Highway Commission of seven

members, all representing the state at large, has taken over all the roads. Direct contacts will be established between this commission and the citizens of each county through boards of county commissioners. All county prisoners and prison camps have been placed under the control of the State Highway Commission, thereby relieving counties of their previous excessive costs of maintenance of chain gangs.

The second objective, that of increased efficiency through improvement in governmental organization and administration, offers a challenge big enough to claim the efforts of any public servant. It is a constant problem in any state government because new needs and new conditions arise year by year. Just how great is the need for better organization and administration in the average state, as illustrated by North Carolina, may be seen in the program of improvement decided upon in our state.

Among the many items, besides the State Highway Commission, were these:

The reorganization of the State Board of Agriculture. The new board has five members, representing in their respective departments the interests of tobacco, cotton, live stock, truck and general farming. Numerous overlappings of duties among the departments in the state agricultural college and in the state government have been eliminated. Specific aims of the new department are to revitalize both the teaching of agriculture and the activities of the state department among our citizens, particularly in fostering the "live-at-home" program, which is a state-wide movement to encourage all North Carolina farmers to produce enough food and food-stuffs for home consumption.

The State Board of Health was reorganized with a correspondingly better chance at increased efficiency.

The Department of Labor and Printing was abolished and a new Department of Labor set up consolidating the work of the State Industrial Commission and the Child Welfare Commission.

The office of Commissioner of Banking was created and the Department of Banking was completely reorganized.

The Division of Purchase and Contract was created in the Governor's office. Through this division the state will receive competitive bids on all purchases of supplies, materials and equipment for the departments and institutions, including the purchases of the Highway Department and the public schools. Such a centralized purchasing agency will prove of tremendous value in efficient service and commercial buying for the state.

A Division of Personnel, also created in the office of the governor, will assist in bringing about a better organization of the various departments and in improving their personnel by weeding out incompetency and obtaining better trained employees for specialized jobs.

A merger in education

THE three higher institutions of learning were consolidated. By this action the University of North Carolina, the State College and the College for Women became one greater university under one board of directors instead of three and with unified control and aims.

The creation of a Local Government Commission was the most far-reaching step in our efforts toward efficiency and economy by reorganization. It was the most drastic state supervisory law ever passed in North Carolina. This act abolished the County Government Advisory Commission and the State Sinking Fund Commission and placed their work under a new commission of nine members

which will have not only advisory but supervisory authority over the financial affairs of every unit of government, county and municipal, in the state.

Such a step was badly needed. Seventy-five cents of every dollar of the 100 million collected last year from the taxpayers was spent by and through counties, districts, towns and cities. The tax burden and the public debt of local government have been plunging toward the danger point. In the past, local governments have been borrowing at times recklessly in anticipation of tax



BIDDILL STUDIO, RALEIGH

In reorganizing public-school support North Carolina assumed responsibility for a uniform minimum term and eased the tax burden imposed upon property



collections. With a slump in collections the inevitable has happened. In 1930, more than 35 local units defaulted at least temporarily in their interest payments, and when this recent general assembly came to Raleigh members had in their pockets more special local bills providing for the issuance of funding bonds for validation of outstanding but unauthorized indebtedness than were ever before presented to the legislature.

The new plan centralizes the control of all borrowing power in the hands of the Commission. It takes away from the local units the power to endanger further the interests of the taxpayers. Bonds cannot be floated on any anticipated revenues without authorization. Each local government must present an annual budget and live within the revenue it provides. Current expenses must be met out of current revenue. Local governments must meet their obligations promptly. Securities in which public funds are invested must meet the approval of the Commission.

More economical government

A UNIFORM accounting and book-keeping procedure is provided.

One clear mandate from the people of North Carolina to the state government was to reduce taxes on property. The problem of placing the tax burden justly is an enormous and intricate one. But this rule serves as the guiding star in adjusting tax rates—"Let them be determined by ability to pay."

Our general assembly materially reduced taxes on property. It reduced the tax rate on property for the minimum school term from an average of 47 cents to a flat 15 cents. It completely wiped out the levy for county road maintenance, affording a reduction that will



average 15 cents state-wide. Refunding of debt maturities and supervision of local budgets by the Local Government Commission will mean further reductions.

Citizens of North Carolina in 1931 should pay a tax rate fully 50 cents lower than the 1930 rate. The property tax reduction will be about 15 million dollars, provided, of course, that tax reduction is as popular when local officials make up their budgets as when the general assembly was in session.

While the actual cost of government in North Carolina was substantially reduced, it could not be reduced to the extent represented by the reduction in property taxes. Therefore some other taxes had to be increased. There were some increases in franchise taxes, in income taxes of both corporations and individual incomes, and an additional one cent per gallon gasoline tax.

But the great and agreeable fact remains that the total cost of government

North Carolina's reorganized State Highway Commission has assumed complete control of every foot of the 45,000 miles of county roads in the state

was reduced. The items of reduction are difficult to establish with any precision, but certainly the cost of the public-school system was decreased in an amount that may reach three million dollars. The total cost of the maintenance of roads and highways will be decreased about two million dollars. The appropriations to state departments and institutions cut some ten per cent.

The salaries of all state employees were reduced ten per cent. Salaries of public officials of nearly half the counties were decreased a like amount. The Department of Purchase and Contract itself should effect a saving of from \$400,000 to \$500,000 annually. The work of the Division of Personnel will likewise mean increased economy.

A saving of ten per cent

IN my opinion, the total cost of state government in North Carolina will be reduced by perhaps ten per cent.

Reduction in the cost of government, better adjustment in the tax burden to make it conform more nearly with capacity to pay, the simplification of administration, and a closer and more sympathetic supervision of the financial affairs of local governments by the state—these aims will go a long way toward adjusting the public service in my state more intimately to the people's needs.



Radio auditions, company meetings, campaign material displays are held in this assembly hall in the New York office of the J. Walter Thompson Company

Why All the



THE AVERAGE business man knows little about advertising—regards it as a good deal of a mystery. But there's really no mystery about it, it's just another of our modern, everyday business tools. Mr. Groesbeck, well-known advertising executive and writer on advertising subjects, explains that tool and tells how best to employ it

The credulous attitude makes the most trouble. If he has bossed the job himself he will probably be fair enough to take the blame for the failure. Your American business man is by and large a square shooter and able to see things pretty straight

But woe to all concerned if he has taken the advertising medicine blindly, putting his confidence in one who pretends to know the ropes, and who then drops him into the river. You are never going to get that man into advertising again, nor is he ever going to believe in advertising men.

"A bunch of spellbinders," he says grimly. "They got me once. If they get me again, it's my fault!"

A good man deprived of a good tool, a good tool discarded—all because it was bought, not as a tool, but as a cure-all, a rabbit's foot, a bit of witch doctoring.

Let's see what we can do to get this good man to use and understand this good tool.

Advertising is a combination

ADVERTISING is a series of steps. All these steps are easily explained and easily understood. There is no mystery to any of them. Any one who asks you to accept any of the procedure of advertising on faith puts himself at once under suspicion.

You will find, however, that there are some of the steps which you can understand but which you cannot do.

Certain jobs take a lifetime to learn. You can watch a skilled die-cutter cutting a die, and understand perfectly what he is doing. But you will never be able to do it yourself. It's a job which you recognize is outside of your ability.

Advertising is a queer combination of straight business (which you can understand and, being a business man, learn to do if you wish) plus science (which you can understand and perhaps also learn to do) plus art, such as writing—which you can understand but which you probably cannot learn to do. It looks easy, but it's one of the things that you have to be born with.

Here then is what advertising is supposed to be, these days.

It is first of all merchandising, which is producing a product for the broadest appeal at the lowest cost, and selling

IF YOU want to see the average board of directors wade right out into deep water and drown, just say "advertising" in their general direction.

They will go along with the president's report on building the new plant, on the activities of the research laboratories, on selling, on trade relations. They are with him. He's talking their regular business language.

But, when the discussion shifts to the advertising appropriation and what it is expected to accomplish, only a chain of bubbles shows where the board submerged.

The mystery which surrounds advertising should be cleared up. The thing is only a tool of modern business. It has defined functions, like any tool. Correctly handled it does its job. Wrongly handled, it may cut off your arm—or your head. It works no miracles, but it is about as efficient as any other business tool.

But the part of advertising you see is usually made up of writing and making pictures, arts which are outside the experience of Mr. Average Citizen. He understands the plumber, grocer, carpenter, teacher, lawyer, minister. These are regular people he runs into every day—people who help him live or die. But writers! And even worse, artists! Well, they are usually queer birds.

This is probably the basic reason advertising seems so mysterious to the average man—and why he has less confidence in its practitioners than in his teacher, his lawyer, or his plumber. Advertising is alien to him. This lack of understanding and this lack of confidence throws him out of his usual sound attitude of finding the man who can do the job and letting him do it. It makes him unduly credulous or unduly arbitrary. He will either swallow projects which are palpably absurd or he will try to boss the job himself—with equally appalling results.

Mystery About Advertising?

By KENNETH GROESBECK

Vice President, McCann-Erickson, Inc., New York

it at the lowest price that is consistent with right profit, in the shortest time.

No good advertising man will pull the lever that starts his particular tool working until he is sure you are all set on these matters that concern the product—the merchandise you sell—and which are therefore called merchandising. Nothing mysterious about that, is there? The advertising man is first of all concerned with your product. Well, you and he can talk the same language there. That's the part of the business you know most about.

The second half of that definition says "selling it." That involves the people who buy your product. The advertising man must know to what people he sells, where they are, how they buy.

Right here comes the scientific side of advertising. It's just another kind of laboratory, that's all. Maybe you can give your advertising man all the facts about who buys your product, and maybe you can't. He will probably be able to ask you some stiff questions.

If you can't answer them, or if he isn't satisfied with your answers, let him find out. He isn't going to take a rabbit out of a hat. He is just going to dig up some facts instead of some hunches. Business gets fat on facts.

Next thing, our advertising ferret is going to dig into your trade relations. How do your dealers like your product? Do they make enough money on it? Is any competing product preferred, and if so why?

Well, after all, you've had Old Bill as sales manager for

26 years and he calls the trade by their first names from Florida to Seattle. If he doesn't know how the trade feels, nobody does!

Advertising is a wide field

DANGEROUS. Maybe Old Bill knows, maybe not. Quite possibly something is right under his ancient nose. Let the ferret dig it up, if he can. What you're after is facts. Anyhow our advertising man isn't doing anything we can't understand.

Finally your advertising man comes to you with a complete picture of your product, with perhaps suggestions for its improvement or its more efficient production; with a picture of your market, of the roads to that market, the conditions in your trade.

"Now," says he, "I'm ready to talk advertising! The job



Research files help advertising agencies to dig up facts about your products. Above is a section of McCann-Erickson library in the San Francisco office



These men represent a creative side of advertising. They form part of the art and visualizing staff in one of the offices of McCann-Erickson, Inc.

is to tell your product's story to the most people in this market I show you for the least money!"

Quickest and cheapest selling

PERHAPS he recommends magazines, newspapers, radio. He may advise billboards. He may want you to write letters or send booklets. He may want you to use sky-writing, or a loudspeaker in an airplane. He may want you to distribute red balloons at country fairs or put your name on tire covers you give away.

He may advise you to do one or all of these things, but mark this fact, write it in red letters, paste it in your hat:

Whatever he recommends should be common sense.

He should be able to prove that whatever he recommends is the shortest, cheapest, most effective way for news of your product to travel to the individuals in your market.

If, at this point, you get advice you can't understand, or which cannot be explained to you, you are being exploited. You are still in the common-sense stages of the process and there is no need for any mystery. Watch your step if, right here, somebody tries to sell you national advertising when you have only local distribution, or widespread consumer reputation advertising when you want to sell bolts and nuts to a limited technical audience, or anything else that doesn't hold water. We are not yet arrived at the mysteries. Your regular business judgment is all you need. You don't have to learn any foreign languages yet.

However, and what is more likely in these enlightened days, probably our advertising man will go along common-sense lines in his analysis of your product, your market, your ways to mesh one into the other—and probably his advertising proposals will be equally hard-boiled and common-sense. So far he has been talking business and science, both of which you know something about.

If he has done this, have confidence in him. You will need this confidence, because this same man who has been talking common-sense business and cold science must now turn himself into (or bring into the situation) a writer, an artist, or whatever other queer ducks are needed to

paint your product's picture so people will want to buy it.

Right here, lay off him. This is the part you will have most difficulty in understanding. You can't do it yourself. You are now in the creative end of advertising—the end which gets into literature, psychology, and a lot of other fields you have to be born into.

It will look so easy you will want to do it yourself or at least help in it.

But lay off it. Leave this end of the job to the professionals. Don't change their copy unless it's incorrect.

You are not left behind, after all. These same people who used such intelligence in analyzing your product and your market are going to show an equal intelligence in selling that product to that market. They will experiment on a small scale at first. You won't need to shoot the wad. The uncertainties can be removed to about the same extent as from any business activity. No human doings are sure—you can't build an exact science on anything as slippery as the human mind—but advertising need be no more of a jump in the dark than building the new plant.

There's advertising with its whiskers off. Not a mystery at all—just a complicated tool that needs to be handled by trained workmen. It's not absolutely sure first but its probabilities are predictable to a high degree.

From all of which it will be seen that advertising is not something on which money is to be spent if times are good, and which is to be cut out when the going gets harder. It is as regular a part of legitimate business expenditure as rent, or salaries, or costs of raw material. Obviously, if you turn it on and off like water in the faucet, you will get the same kind of results as if you hired and fired sales managers every six months. Either your business will profit by it or not, and there is a common-sense and practical way of finding this out.

If the answer is in the affirmative, let advertising become a part of your program, and make it show results within reasonable time (just like a salesman). If it doesn't, either you decided wrong in adding this tool to your kit, or you are not using it right. For the tool itself is proved, and only its users are on trial, the judge and jury being their balance sheets.



Advertising has its scientific side, too. Here, for instance, is the kitchen laboratory in which Batten, Barton, Durstine & Osborn develop new uses for food products of their client companies



Posting the names of farm workers who are to receive bonuses

"V. S. R. IN CONSTRUCTION"

The "Chained" Money of Russia

By COL. CLARENCE T. STARR

BACK in 1900 I was getting a start as a mining engineer in the West Virginia bituminous fields. At that time, because of the isolation of the mining company, the company store was practically the only source of supply for the workmen. I recall "scrip" was the medium of exchange. This scrip, printed by the company in various denominations, was issued when and as called for and in amounts equal to the demand. In effect, the company had simply set up a monetary system in which the scrip took the place of the actual dollar bill as a unit for measuring the value of the workman's time.

At that time this scrip was in such general circulation that many men rarely saw actual money. Abuses of the system by certain individuals who saw the possibility of discounting the scrip for cash helped to kill the idea and legislation has practically stopped it altogether.

Rubles are good only in Russia

IN THE past three years I have visited many countries in Europe and have found that the dollar bill is just as acceptable to the merchants and bankers as the actual coin of their own countries. At a bank in Berlin, however, I presented a Russian ten ruble bill for exchange into marks.

"I'm sorry I cannot accommodate you," the banker said, "but that bill is good only in Russia."

This incident recalled an earlier experience with scrip in West Virginia and forcibly presented to my mind the striking similarity between that system and the one employed by the Russians under the present financial set-up.

★ **WHAT** part can money play in a land where the Government operates all services, sets all prices and even prescribes what goods may be bought? That is the question we asked Colonel Starr and which, drawing on his experiences in three years of residence in Russia, he answers in this article

Three years in Russia as the representative of an American engineering firm has convinced me that the analogy is fairly accurate.

Nowhere, perhaps, has the Russian revolution been more complete than in the monetary set-up. There is practically no metal back of the paper money of the country. The Government claims that about 25 per cent of the Chervonetz rubles have bullion and deposits of foreign money, or *valuta*, back of them. I believe it would be extremely difficult to persuade the authorities to give you the gold equivalent of a Chervonetz ruble, however, which would be 100 rubles. Back of the rest of the paper money, more than two billion rubles, there is no metal or other security, except for its relationship with Chervonetz. More than 300 million rubles in silver and copper are in circulation.

At least theoretically these last are in circulation, and at least theoretically some are silver coins. The authorities

have had much difficulty with hoarding. The peasants developed the practice of hiding any silver coins they could get, believing that they had intrinsic value which could not be changed. When a shortage of these coins developed two years ago, searching parties sought out the savings and confiscated them. The theory is that the money should be kept in circulation and that saving it is evidence of a desire to harm the Government through sabotage.

To stop hoarding, the Government began coining its "silver" coins with very little silver in them, and called in the coinage of 1926 and earlier. The new coins are handsome pieces but of little actual value.

It is difficult for a foreigner coming to Russia to grasp at once the full significance of a currency which is not quoted in foreign exchange. If the foreigner be an American, as I was, he will find his dollars good for rubles upon entering, but whatever rubles he may have cannot be exchanged for dollars upon leaving. The ruble is distinctly not what the world considers "good" money.

The philosophy of the country, it must be remembered, is against any financial system which would suggest capitalism. A worker who had been in America and resumed his citizenship in Russia could not own a share of U. S. Steel or General Motors stock. At least, he could receive no dividend checks. They would just never get to him, and he would be suspected of being under the influence of the capitalists.

Workers must buy government bonds

KNOWING very little about capitalism, the Russians have worked themselves into a keen hatred of it. They have been told so often that workers everywhere, and particularly in America, are under a sort of slavery that they believe it implicitly. However, when money is needed, large government loans are floated, and the price of the bonds is taken out of the worker's pay envelope whether he chooses or not.

Sending a Russian worker an American ten-dollar bill is inviting trouble for him. Communications with the outside world are regarded with suspicion and any envelope which might contain money or unpopular opinions is opened before

delivery. If the money slipped past the authorities, the recipient would have difficulty in exchanging it for Russian money. If the secret police or other governmental authorities found a worker or a peasant with foreign money they probably would question him closely as to where he got it and his intentions in using it. Then, the chances are, they would take it away from him, perhaps explaining to him that he did not really need it.

Since taking rubles into the country, or taking them out is forbidden, many complicated cases have arisen. Any foreign money carried in must be declared at the point of entry. Complete records are kept of what every foreigner is doing and how much he has. Often an American, in Russia for but a brief stay, will declare some nominal sum, such as \$100, although he actually has more. Upon leaving, the same man may declare that he still has \$75. If he has been in the country two weeks or more, the authorities will tell him that he should have spent more than the difference between what he had and what he has. Then they assess his remaining declared money on the basis of how many days he was in Russia.

I recall the case of a Persian whom I met at the Polish border. On entering Russia at the eastern frontier he had been persuaded to exchange his own currency for Russian money to be used while travelling. He had been told that any rubles he had left would be exchanged for foreign currency when he reached the western border.

Although he had been unable to buy any food while en



Secret police and officials have precedence on trains

route and although he had a receipt showing that he had purchased his rubles in Russia, the customs authorities calculated the amount they thought he should have spent and refused to make the exchange.

They told him he could leave his rubles with them and get them on his way back but as he did not intend to return through Russia this arrangement was unsatisfactory. He could not convince the customs authorities that his claim was just and had to leave the country without a cent.

The Russians are shrewd bargainers. That is stating the case mildly. In making a con-



At one time money was so scarce that stores could not give change. Customers were given cards stamped with the amount of change due

tract with foreign technical firms for developments, they try to get the firm to accept as much as possible in rubles. Unless the foreigners are familiar with Russian money, they are likely to find themselves in disastrous positions as regards money. I know of one American engineering firm which had many thousands of rubles left over at the expiration of its contract. When this firm asked the Russian authorities what it could do about this situation, it was told that, although there could be no exchange into *valuta* or foreign money, the firm might buy up antiques, paintings, etchings, ikons and other merchandise.

Hard to get valuables

THIS practice has now been taken up to some extent by firms and individuals leaving the country as a means of getting some value out of left over rubles. The plan has several drawbacks, however. Almost all such articles of value have now been placed in the government stores where they may be bought only for foreign money. Export duties, in some cases exorbitant, further restrict the would-be exporter. Thus it may be seen that, although the Russian disapproves of capitalism, he sees to it that the capitalist does not get the better of him in any money transactions.



"U. S. S. R. IN CONSTRUCTION"

Grain en route to the collecting agency. Farmers are assessed part of their crop for taxes and service

wanted to get back to the United States. Tired of his experiment, which meant, among other discomforts, eating black bread made of nothing recognizable, he went to the managers of the trust where he worked and obtained his release. He asked that his savings, about 3,000 rubles, be changed into dollars.

Turning rubles into money

THEY told him that they were sorry but that they had no authority to give him what he asked. Instead, they gave him an order on the customs office at the border town from which he would depart.

When he presented his request to the border authorities, they laughed at him. He began to see that he was being passed from one office to another and that he had no chance of getting good money for his savings. He collected the other travellers around him and began to air his grievances. His nerves were frayed by his experiences and he lacked what might be termed normal restraint. He jumped up on the counter in the customs house and tore up a ten ruble note, then a second one, throwing the remains in the faces of the customs officials.

This was too much for them. They could not see their



"U. S. S. R. IN CONSTRUCTION"

The new Ivanovo-Vosnesensk Agricultural Bank. It differs greatly from American banks

The individual engineer or laborer who goes to Russia because of the promises of steady work and high wages is frequently disillusioned. He seldom realizes before he gets to Russia that the monetary system is radically different from the one to which he was accustomed. Unless warned, he may accept a large part or all of his pay in rubles. No contract will be made unless he agrees to take at least 30 per cent in rubles.

An American mechanic I knew became dissatisfied after more than a year in Russia. His wife had joined him but he

money destroyed in such wanton fashion. Finally, after much bickering, they gave him an order on the Russian consulate in Berlin for 300 American dollars. That was his reward for saving part of his wages during months of privation in Russia.

To improve its trading position, the Government is, of course, eager to accumulate *valuta*. All of the better hotels and many stores demand payment in foreign money only. It is a curious revelation to find a business house which refuses to accept the currency of the realm.

Russian money lacks real value

WHEN all that is back of a country's currency is a printing press, inflation is universal or nonexistent, as you choose to think of it. I recall once receiving a packet of 1,000 one ruble notes all bearing the same serial number. I asked a Communist if that did not mean that the Government was forced to resort to inflation. He said that they did not look at it that way.

The number was left the same on the printing press because it would have been too much trouble to change it. It would have made the operation of printing more expensive. The existence of the additional amount of notes was recorded and nothing else was necessary. I have seen as many as 8,000 rubles all bearing the same serial number. Why have a serial number at all?

Two years ago almost all the surplus cash of the country was taken up by subscriptions for bond issues to move the harvests.

The situation for a time was acute. Often the government stores were unable to give the change for bills. In that case the customer was simply given a card signed by the store manager with the amount of the change due stamped on it. That was accepted as an adequate substitute.

Russian banks, although all under the same management and subject to the same regulations are not chain banks as we think of them. A check of the bank of Kharkov could not be cashed in the member bank of Moscow or Leningrad. Savings accounts are somewhat restricted, since the workers and farmers do not save. There is no incentive to do so. The accumulation of money reserves, even for emergencies, is re-

garded as savoring of capitalism, and hence is frowned upon.

The chief function of the banks is to take care of the pay rolls of the various trusts. In this they work with the central bank in Moscow. The many services with which Americans are so familiar are entirely lacking. Naturally there are no safe deposit boxes for workers.

For a brief period when I first arrived in Russia, it was possible to exchange rubles for dollars at the bank. A friend of mine while getting some rubles, which were at the rate of slightly more than two for a dollar, asked the clerk how many rubles the bank wanted before it would give his American money back again.

It seems that the Government was making a slight profit on such transactions, because the bank wanted seven rubles to the dollar.

They have a saying in Russia that nothing is sure and certain in Russia except that it is wet when it rains. Any sort of regulations are subject to complete revision without notice.

Once when preparing to return from Moscow to Kharkov after a business trip I engaged passage for the next day. The fare to Kharkov was 30 rubles. When I called the next day to pick up the ticket, I was informed that the rate had been raised overnight to 60 rubles. The order had been received just a short time after my order had gone in.

Class distinctions in Russia

PROTESTING, I paid the new figure. At least I was fortunate enough to get a seat. One is not always so favored. The secret police have the first opportunity to make reservations. The next choice goes to the government officials. Foreigners have the next opportunity of getting a seat or berth. The workers and peasants travel in the hard wagon or, if unusually fortunate, they may be able to afford the soft wagon.

Even in Communism some class distinctions seem to creep in. The distinctions are based upon position rather than upon money, however.

Wages are the subject of a number of controversies between rival groups. The farmers frequently show resentment against the city workers because they feel that the city men are favored.

The resentment sometimes takes the form of slackened efforts to produce large crops since the peasants feel that too large a percentage of their yields is being taken from them to support the urban workers.

The method of payment of the farmers is interesting. When the Czar was overthrown, the incentive of ownership of land was held out to the peasants to win their loyalty to the new regime. Because the traditional independence of farmers holds true even in Russia, their resistance to unpopular measures has been more frequent than that of other groups. Hence many successful farmers, or *kulaks*, have been "liquidated." There is grim humor in that phrase.

(Continued on page 88)



The dining hall in a factory restaurant. Russian workers need little actual money as food and housing are frequently a part of their pay



The new Chevrolet 13 1/2-ton 157-inch wheelbase chassis equipped with special open express body

Helping American business cut transportation costs



Thousands of Chevrolets travel millions of miles daily in the service of American business. You see them everywhere, transporting men and materials for famous firms in many fields. And for every mile traveled, these Chevrolets show a definite dollars and cents saving. In the words of many owners, "Chevrolets cost less to operate and maintain than any other cars or trucks we have ever used." The evidence of this matchless economy is graphically set forth in the cost reports of leading fleet operators. These reports cover months and years of operation. They frequently contain such records as 20 miles to the gallon of gasoline—20,000 miles

without opening the engine—many seasons of continuous operation without a cent for major repairs—Chevrolet cars driven 65,000 miles or more and still delivering reliable performance! And remember, this great economy of operation and maintenance is combined with six-cylinder speed, power and smoothness. Moreover, *Chevrolet prices are among the lowest at which any cars or trucks are sold!* Whether your transportation problem involves business cars or trucks, in fleets or single units, you can solve it more economically by standardizing on Chevrolet equipment. Hundreds of prominent American commercial and industrial concerns are doing it every day.

Passenger car prices range from \$475 to \$675. Truck chassis are priced from \$355 to \$590. All prices f. o. b. Flint, Michigan. Special equipment extra. Product of General Motors. Low delivered prices and easy G. M. A. C. terms. Chevrolet Motor Company, Detroit, Mich.

NEW CHEVROLET SIX

The Great American Value

When visiting a CHEVROLET dealer please mention Nation's Business

The Economics of Imagination

By EDWARD S. JORDAN

President, Jordan Motor Company

ILLUSTRATIONS BY GEORGE LOHR

TWO pounds of ironstone mined upon Lake Superior and transported 900 miles to Pittsburgh; one pound and one-half of coal, mined and manufactured into coke, and transported to Pittsburgh; one-half pound of lime, mined and transported to Pittsburgh; a small amount of manganese ore mined and brought to Pittsburgh—and these four pounds of material manufactured into one pound of steel, for which the consumer pays one cent."

Thus did that shrewd Scot, Andrew Carnegie, master of men, money, materials and markets, epitomize the process by which experts in the administrative art cooperated with tireless workers in science and invention to accomplish the miracles of large-scale production, bringing material comforts to millions of persons who never could have wrung them barehanded from the hills and forests.

In those few words Carnegie revealed the secret of industrial magic in his time and suggested the fundamental principle which will characterize the era now beginning—that of progressive Economy.

"The new Eldorado will be found in the field of Economy," Harvey Firestone said. Then to substantiate his belief, this companion of Ford and Edison announced a new tire, claiming 26 per cent greater protection against blow-outs, 58 per cent longer flexing life and 25 per cent longer non-skid wear.

The fact foundation behind such claims lies in the development by an



Marshall Field measured his radius by the automobile yardstick. Now the wheelbase of a car is an important factor in his sales

engineer of a "gum dipping" process by which every strand of cord in the tire is separately insulated with rubber.

Such luminous, yet practical, imaginations as possessed Carnegie and Rockefeller, enabling them to think imperially of world-spanning operations in the generation just passed, and such helpful intelligence as that displayed by Firestone's engineer will not be lacking in the era just ahead.

Engineers, discouraged by the curtailment of appropriations, the fear that the big things have all been done or that the Patent Office is already surfeited with applications, need only indulge in retrospection.

Ten years ago a man sitting before a crude radio outfit was straining his ears to catch the faint sounds emanating from the first crude broadcasting station.

Today, as a passenger on a crack train, he may talk with anyone in London by telephone while traveling 50 miles an hour.

It has ever been the same. The most inspiring revelation we find in retrospection is the fact that ideas most revolutionary in their significance are usually discovered right under our noses.

Samuel Kier, who bottled "rock oil" and sold it as a cure for "cholera morbus, liver complaint, bronchitis and consumption" in the 'forties of the last century, did not dream of it as a lubricant or illuminant.

G. H. Bissell, graduate of Dartmouth and wandering teacher, assisted by Professor Silliman, chemist of Yale, revealed those properties to the world and

★ **THE DESIRE** to look into the future is as old as mankind. In early days men depended on oracles and seers who they believed were gifted with second sight. Business men today have methods that are less mysterious but far more effective. It is these methods that Mr. Jordan uses here in speaking of the coming era

Truck of all Trades

... with Bodies that Fit ...

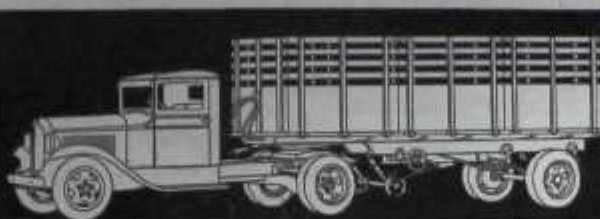
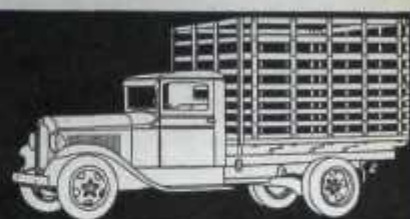
WHATEVER Your Business



9-ft. Canopy Express



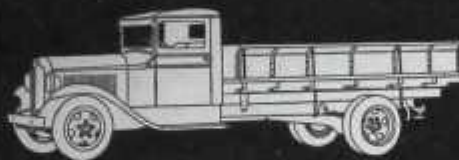
9-ft. and 12-ft. Platform

1 1/2-ton Dump Bodies for Gravel,
Coal and CokeTractor-Trailer Unit (16-ft. Trailer Equipped with
Hydraulic Brakes)

9-ft. and 12-ft. Stock Rack



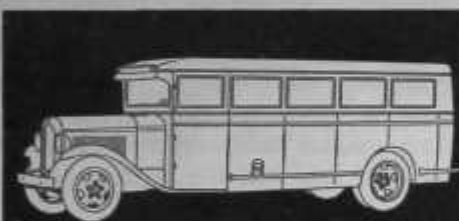
9-ft. Open Express



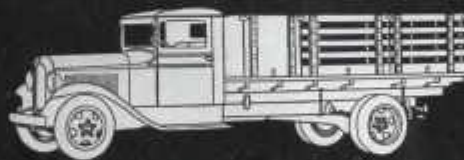
12-ft. Wide-Express



6-wheel, 16-ft. Oil Tank



28-45 Passenger School Bus



9-ft. and 12-ft. Stake



9-ft. and 11-ft. Panel

THE NEW 1 1/2-TON

REO

SPEED WAGON

For further proof
call your Reo dealer.

It is our sincere belief that a comparison of 1 1/2-ton truck specifications will convince you—no matter what your business may be—that the new Reo SPEED WAGON will meet your haulage needs better than any other 1 1/2-ton truck in the lowest price field.

No other 1 1/2-ton truck costing within hundreds of dollars of the SPEED WAGON combines the advanced engineering features found in this remarkable vehicle!

The SPEED WAGON is bigger and stronger. More bearings, better lubrication and the finest materials, insure its longer life!

Reo's line-up of "Matched Bodies" (engineered to the chassis, matched and mounted at the Reo factory) meet practically every modern trucking requirement.

\$625

Four-Cylinder \$625, Six-Cylinder \$725
Chassis f. o. b. Lansing, Michigan
Dual Wheels \$25 Extra

REO MOTOR CAR COMPANY • LANSING • TORONTO

organized the first oil-producing company.

Rockefeller had the genius to develop and dominate the financing, production and distribution of that world-wide necessity.

The writer is not yet a candidate for the wheel chair but when Eugene Debs, Emma Goldman, Governor Altgeld, the Chicago World's Fair and Grover Cleveland were front-page news, he was a boy peddling newspapers. The news of 1893 resembled very much the news of 1931.

New industries are developing

YET the boy had never seen an automobile, used a telephone, heard of a radio or an airplane, listened to a phonograph, nor had anyone dreamed of such a seeming impossibility as television.

Recently two employees of a New Jersey company building electrical apparatus were married by television. Those two employees are in on the ground floor of a miraculous industry.

That same day an army officer at the airport in Tucson, Ariz., called into the air,

"K.V.O.A., Tucson, calling Major McNarney, commanding the Seventh Bombardment group" (en route to Dayton for the maneuvers).

"Hello, Tucson, Major McNarney speaking."

"Where are you, Major, and when will you arrive?"

"Ten miles west of Casa Grande. See you in 30 minutes."

Every one of a thousand people listening to the loud speaker looked at his neighbor and shook his head in amazement.

But little imagination is needed to visualize an area yet beyond the ken of backward looking men where impatient ideas are waiting to lead eager men of vision on to fortune.

The field of aviation is infinite in its possibilities. Many engineers are positive that the ships of the future will be built from some durable metal, light as aluminum and stronger or more flexible than steel. Thus will ultimate economy be attained.

Since the days of 2000 years ago when men began to delve for the riches

of Rio Tinto in Spain, engineers have turned gray in the effort to locate and evaluate an ore body without spending a fortune.

In spite of the keen eyes of the old-time prospector, the divining rod and the more modern electrically operated magnetometer, only a few of many thousands of "prospects" have ever proved commercially profitable.

Even now, with mining activity greatly curtailed, geologists are persistently drilling for samples in new ore bodies. Probing for the dividends of the future. That's the engineer's job. Fortunately, the engineers outside the mining field frequently discover the dividend paying idea in plain view above the ground.

Perhaps you never heard the story of Duco—a triumph for chemists and a dollar saver for production men.

Ten years ago every automobile with a good finish was varnished like a piano. Twenty-one days in the paint—so many coats—so many days in the ovens to dry—and then, if scratched in production, back to the paint shop and ovens for more days. Dollars going fast. Production always complicated.

Brewster, the aristocrat of carriage makers, had long been using a flat finish for many expensive jobs. Crane-Simplex used the same on a \$10,000 motor car.

Then James Walker of Amesbury, Mass., built a line of bodies for our company to display at the New York motor show.

Four coats of paint, no long rubbing process, no ovens, and scratches repaired with a stroke of the brush. Dollars saved. Production simplified.

Du Pont began to experiment. The General Motors engineers saw a chance to save fortunes in material and labor for the industry. A new paint was the result. At first it looked like a failure. One fundamental advantage was the quick drying after spraying, no brushes, no ovens. In the first experiments the engineers were puzzled. The paint did not reach the body from the spray nozzle. They moved the nozzle closer. Duco had arrived. The paint had been drying before it hit the body. Twenty-one days reduced to a few hours.

That idea revolutionized the methods of finishing automobile bodies. And saved millions.

Ideas breed ideas. Edison contrived a moving tinfoil recording strip to register the activity of his telegraph instrument when he chose to give time to his experiments with batteries in the small hours of the night. That idea, combined with the telephone reproducer, made the phonograph.

The story of the various component gases and substances at large in the universe, when revealed in the spectrum, enabled Michelson to measure the speed of light and the distance to the stars.

Planning for economy

ENGINEERS of the next era will design for the highest utility and lasting economy. They will not build without planning, as did the architects of the Mauve Decade, adding their afterthoughts when the job was done. They will plan years ahead.

Reducing friction, which means noise and wear, will be their aim. Economy will be fundamental—quiet motors for the airplane, roller bearings for trains, radio static conquered by brains, the world electrically operated with cheap current, water-power harnessed at the source, railroad trains cooled and ventilated like a movie theater, buses unhampered by rails and trolley wires flexibly handling the traffic above ground.

The street car, incubator for automobile prospects, will occupy its own field of transportation



A decade ago radio was an experiment; now we talk to London from trains

Now ready...

THE NEW RADICALLY IMPROVED FRIGIDAIRE WATER COOLERS



★ This large capacity Frigidaire Pressure-Type Water Cooler cools from six to twelve gallons of water an hour. It is designed for use in stores, large offices, factories, etc. Where coolers of still larger capacities are required, Frigidaire Tank-Type Coolers are recommended.



★ This Frigidaire Water Cooler is for use with bottled water. There are models of similar design for use with city water, equipped with faucets, glass fillers or bubblers, as desired. Some models have a special, refrigerated compartment for sandwiches and beverages, and are fitted with a lock.



More beautiful, more durable and radically improved throughout—the new Frigidaire Water Coolers set entirely new standards of convenience, service and beauty. ● All models are compact, smartly designed and finished in a special bronze blend that harmonizes perfectly with any surroundings. ● The cabinet is sealed everywhere against dust and provided with automatic thermostat control. ● And, most important is the EXTRA POWER of the famous Frigidaire mechanism...regulated to provide a surplus of pre-cooled

water for extremely hot days. ● Several radical improvements have also been made in design and construction. New, important features such as a convenient faucet for filling a cup or glass with one hand...sanitary, silver-plated water reservoir...and an easily cleaned chrome-plated drip basin have been added. See these new Frigidaire Water Coolers at the nearest display room or call the Frigidaire man in your locality. Have him in—today. Frigidaire Corporation, Subsidiary of General Motors Corporation, Dayton, Ohio.

The new FRIGIDAIRE WATER COOLERS

but on rapid transit areas, dominant on its own exclusive right of way. Housewives will select merchandise displayed by television in their own homes.

Purchasing agents—and this group will include every buyer from the housewife to the man who buys in enormous quantity—will buy to greater advantage in the next era. Purchasing economy depends on volume.

Competition between volume producers and volume distributors will make this possible. The producers and distributors will make a smaller profit per unit but world-wide sales will produce a larger aggregate with corresponding reduction in overhead.

Inventories of individual items will be small, the multitude of articles offered for sale enormous. Chain distributing units will be as numerous as gas stations.

Production men will be happy if they are smart enough to concentrate upon economical methods for producing each unit of merchandise in volume at the lowest cost. Volume determines the cost of production.

Women will not crowd department stores as they do now, for the same reason that people in small towns don't go up to see the trains come in any more. The traffic is too great, and besides they have the movies. Women will buy at neighborhood stores.

Widening field of distribution

A. T. STEWART, one of America's first great merchants, built his first store within walking distance of his customers. The horse car widened his radius. Wanamaker picked the center of trolley population. Marshall Field measured his radius by the automobile yardstick. Now the wheelbase of a car is an important factor in his sales. The great American problem is finding a place to park.

But that's talking distribution. Yet it is the real solution for the problems of purchasing and production.

Millions of words are being spoken and written about wages and the possibility of reduction. It has already happened. Most salaried employees accepted reductions early in the depression. The incomes of those on daily and

hourly compensation have been cut because the stipulated rate is of no importance when a man isn't working. The average layman outside organized industry knows but little about piece work employment.

Those academic minded people who despair of the advent of the machine age and foresee in it many woes for the working man betray a wider knowledge of books than of men. Let two professors, ministers, doctors or lawyers sit down opposite one another at a desk. Their conversation will quickly reveal their equality or inequality of intelligence and capacity. So it is with all men.

It has been estimated that about five per cent of a given number of men have the capacity for progressive and constructive thought. Perhaps another ten per cent get along fairly well by imitating these. Eighty-five per cent are inclined to believe what they read and hear, thus dispensing with the task of thought.

When John H. Patterson held a convention at Dayton and assembled thousands of his employees he put an electric sign on the largest building reading "Think."

Ford employs more than 100,000 men. Five per cent are leaders of va-

rious degrees of capacity. Ten per cent perhaps have jobs requiring more than average intelligence. The rest have no particular trade, little education, and many no unusual ambition. They want to make a living.

He employs the greatest aggregation of machinery of its kind in the world. These machines do the thinking. They must as there are hardly enough mechanics in the world to make one million such cars a year by hand.

However fervent the protests against the mechanistic age may become, the production methods of the future will require intense application of machinery to production and to distribution as well. Competition will force prices to a level at which only volume output and highly organized distribution will insure survival.

The labor problem will be solved and the evils of the machine age dissipated when every woman accepts the servants sent to her by labor headquarters, pays them the union scale, regardless of ca-

capacity, and discards the washing machine and her automobile.

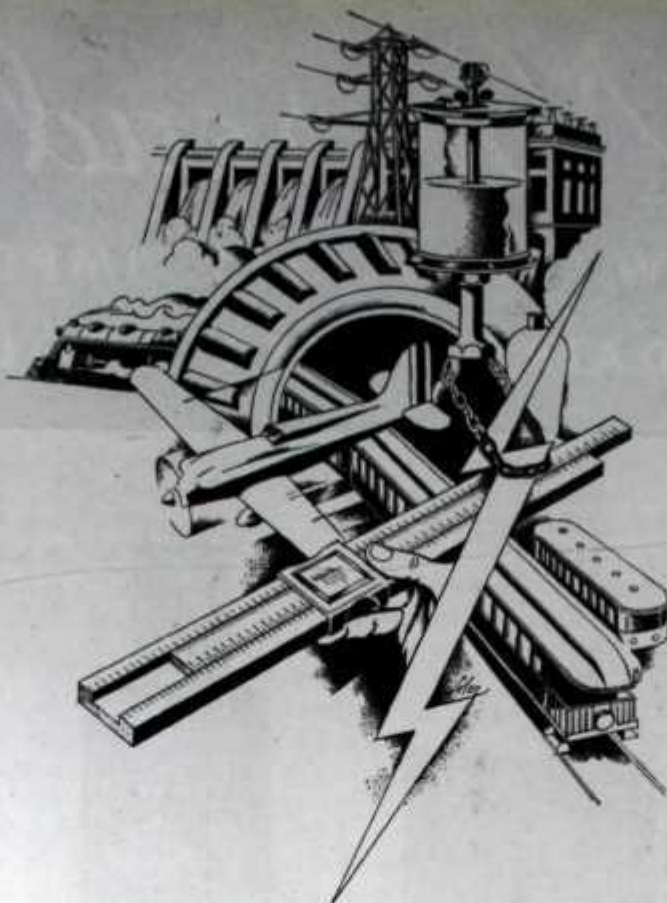
Labor is a commodity like anything else. Men pay what they have to pay for it. The automobile did more to raise wages during the past generation than any other factor. It simply widened the radius of the market in which a man could sell his labor. Ford can afford to pay more money if he gets more labor for it. And he does.

With the smaller margin of profit per unit of product and the necessity for close auditing contact with numerous distributing units, budgeting will approach the dignity of a science.

Heretofore budgets were made flexible in prosperous times and painfully rigid in slack periods. A business is just like an individual in this respect. Many a business man and bank official can look back now and tell you just when the profits began to slide.

Budgeting begins with the stroke of the first pencil on the drawing board of the engineer and should continue without even minor deviation day after day and year after year until the original instigators and even their great grandchildren are tired of the whole thing.

A business must show profit over the years. In fact, that's what it's all about.



Tomorrow will bring new motors, new metals, a world electrically operated by cheap power



There's a story in TEA of packaging leadership

PNEUMATIC MACHINES

Carton Feeders—Bottom Sealers
—Lining Machines—Weighing
Machines (Net and Gross)—Top
Sealers—Wrapping Machines
(Tight and Wax)—Capping Ma-
chines—Labeling Machines—
Vacuum Filling Machines (for
liquids or semi-liquids)—Auto-
matic Capping Machines—Auto-
matic Cap Feeding Machines—
Tea Ball Machines

A rusty scale in the hands of a Singhalese gives the measure of his day's pick and pay. Accurate enough for the producer of tea who ships in bulk to American tea packers.

But when they in turn must break the bulk down into millions of packages with a slender margin of profit in each, accurate measure and weight takes on a tremendously new importance.

That slender margin must be protected with the best of mechanical accuracy. And in the plants of America's largest tea producers the "best of mechanical accuracy" is maintained by the use of Pneumatic Scale Packaging Machines. In every industry, where packaging costs often mean the difference between a profit and a loss, Pneumatic Machines are the most widely used packaging method.

If you are facing the problem of reducing packaging costs, it will pay you to investigate the reasons for Pneumatic's leadership in the field of packaging machinery. An interesting booklet that gives the facts in brief, concise form will be sent on request. Write for "An Interview." Address: Pneumatic Scale Corporation, Ltd., 67 Newport Ave., Norfolk Downs, Mass.

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Branch Offices in New York, 26 Cortlandt St.; Chicago, 360 North Michigan Ave.; San Francisco, 320 Market St.; Melbourne, Victoria; Sydney, N. S. W. and Trafalgar House, No. 9 Whitehall, London, England.





These suggestions made by one General Electric employee brought him awards of \$1,600 from the Company

Putting Workers' Ideas to Work

By WILLIAM E. OWEN

General Secretary, Suggestion System, General Electric Company

SOME 20 years ago a young mechanic employed in the General Electric plant at Schenectady, N. Y., had an idea. In those days the punch presses were hand-fed. The method was slow, dangerous, and wasted material.

The young mechanic devised an automatic feeder. When he believed he had it perfected he laid his idea and some sketches of his device before his foreman. His reward was a reprimand. The foreman announced belligerently that, if any one in his department was to have ideas, he would have them. He intimated that unpleasant happenings would ensue if the young mechanic continued his meddling.

Even in those days the plant was large. The higher executives were not in close touch with employees. The young mechanic, however, was persistent and ingenious. He succeeded in presenting his idea to the manager.

That official was so impressed that he had the device made and installed on one of the presses. It did all the

THE man with the hoe, "the emptiness of ages in his face," has no place in modern technical industries. Workers there know what they are doing—and frequently they devise new and better ways of doing it. The wise manager encourages and rewards his employees' efforts in this direction

mechanic had claimed it would do and increased production 300 per cent.

From this episode the General Electric Suggestion Plan was born. Such systems were not new even then. One of the earliest attempts to solicit ideas from employees was started in the '90's by the late C. F. Patterson of the National Cash Register Company. Incidentally that plan is still operating.

The General Electric management realized that, in the case of the young mechanic, it had narrowly escaped losing not only a valuable idea but a

valuable man. The mechanic was promoted at once to a foremanship, with instructions to devote his time to tools and methods. He is now chief engineer in one of the organization's largest departments and has contributed more than 60 valuable inventions to the Company.

It seemed reasonable to suppose that, if this man had ideas, other men might also have them but, lacking his persistence, have no opportunity to make them known.

This indicated a need for a system which would enable employees to bring their ideas for improvements directly to the attention of factory executives.

The Suggestion Plan is born

THE manager appointed a committee of factory executives to whom all suggestions should be made. On this committee he placed the general superintendent, the assistant to the manager in charge of engineering and various members of the manager's staff whom he considered especially qualified. To-

Burroughs

**TWENTY
TOTALS**
*accumulated in
one column or
separate columns*



**THIS NEW BURROUGHS OFFERS GREATER
SPEED AND ACCURACY IN COMPLETING
THE ENTIRE DISTRIBUTION , ,**

Distributes items to as many as twenty separate classifications . . . prints totals of each classification . . . and prints a grand total of all. No relisting. No copying from totalizers, as a single key depression prints each total. Each item is printed as it is distributed to its proper classification. Each of the twenty accumulating registers has a capacity of twelve digits.

With this Burroughs Typewriter Accounting Machine a distribution on a wide columnar journal is rapidly and accurately prepared at the same time that any kind of ledger account is being posted.

Investigate. Telephone the local Burroughs office for complete information or demonstration, or write for special illustrated folder.

BURROUGHS ADDING MACHINE CO., 6220 SECOND BLVD., DETROIT, MICH.

When writing to BURROUGHS ADDING MACHINE Co. please mention Nation's Business

SIDE BY SIDE, for a quarter century, ADDRESSOGRAPH and MULTIGRAPH, heretofore separate units, have been saving and making money for world-wide business. Each, a distinct asset in itself, becomes doubly valuable, now that the two methods have combined.



For
Greater Service
to Business...

TWO *time-tested* Methods for Reducing Expense, Increasing Sales and Building Profits now Combined



All That a Business Needs

Supplementing each other's work, ADDRESSOGRAPH and MULTIGRAPH keep and write all the fundamental business records . . . print all the business forms and sales promotional literature . . . write all the personalized letters . . . that a business needs to transact and build business.

ADDRESSOGRAPH writes names and data 10 to 50 times faster than they can be written by hand . . . on the office and factory forms, letters and sales literature which MULTIGRAPH produces at savings up to 40 percent.

FOR YEARS, in every kind and size of business, ADDRESSOGRAPH and MULTIGRAPH methods have been adopted as essential. The two have been used as a single unit, due to their natural interlocking performance which reduces operating expense, while increasing sales and profits.

The Addressograph Method

The ADDRESSOGRAPH method of writing *Direct-from-Record-to-Form* is far more economical . . . incomparably more accurate . . . than any other method of writing names and data on accounting, collection, and production forms, and on sales promotional literature.

ADDRESSOGRAPH self-writing fundamental records remove the expense of copying from ordinary reference records . . . by writing any information recorded on them . . . mechanically . . . in *one* motion . . . instead of the 50 to 100 motions required with hand writing or typewriting.

Clerical costs, errors, and delays are reduced in direct proportion.

Addressograph
TRADE MARK
PRINTS FROM TYPE

The Multigraph Method

MULTIGRAPH . . . right in the offices of users . . . saves up to 40 percent on the cost of printing the office and factory forms upon which ADDRESSOGRAPH writes so economically, speedily, and accurately.

It effects similar savings in printing . . . in one or more colors . . . folders, booklets, price lists, post cards, catalogs, personalized sales letters, and other types of direct advertising. And produces them all with speed that is priceless when time means money.

Unity of Purpose and Use

Because printed and typewritten operating and selling materials produced by MULTIGRAPH at such low cost are handled by ADDRESSOGRAPH with comparable labor savings, the two methods are widely employed in combination.

Giant corporations, small retail stores, and businesses in-between . . . thousands of them . . . can point to betterment in operating expenses, sales volume and profits . . . as a result of this unification of ADDRESSOGRAPH and MULTIGRAPH methods.

As ADDRESSOGRAPH and MULTIGRAPH have been so closely allied in purpose and in use, it is but natural that the two companies which have pioneered in these money saving and money making methods, be combined.

The benefits to present and future ADDRESSOGRAPH and MULTIGRAPH users, of combined management, business research and engineering, and of closely co-ordinated and extended distribution and service, are readily apparent.

Now the ADDRESSOGRAPH and MULTIGRAPH Sales Divisions, operating independently but in close co-operation, will be better able to meet the constantly broadening demands of business.

Specialized counsel and service for ADDRESSOGRAPH and MULTIGRAPH methods are available to every business executive who is facing the problem of reducing expense and increasing sales.

There are Addressograph Sales and Service Agencies and Multigraph Sales and Service Agencies in all principal cities.

Addressograph Company
American Multigraph Company
DIVISIONS OF
ADDRESSOGRAPH-MULTIGRAPH CORPORATION
1802 East 40th Street Cleveland, Ohio



Selling Economically Where Salesmen Can Not

Direct appeal advertising can be effectively used to bring in direct orders from territories where personal selling is too costly. MULTIGRAPH typewrites complete personalized sales letters and prints folders, booklets, and catalogs which always get an interview. Also, the inserted order blanks which permit direct ordering.

ADDRESSOGRAPH directs selling messages to logical buyers, thus insuring coverage of all sources of possible orders.



Economical Manufacturing Control

Teamed together, ADDRESSOGRAPH and MULTIGRAPH provide production control which minimizes wasted time and material, and eliminates unnecessary clerical expense.

MULTIGRAPH prints all kinds of factory forms, ADDRESSOGRAPH writes fundamental records of employees, materials, specifications, equipment, rates, on these forms . . . without possibility of errors.



Better Accounting—Less Expense

An ADDRESSOGRAPH-MULTIGRAPH unit speeds up accounting and collections, reduces clerical expense and cost of materials used.

MULTIGRAPH prints a wide variety of office and factory forms at extremely low cost. ADDRESSOGRAPH writes payroll forms, statements, bills, checks, orders, notices, and the like . . . doing the work that would require several clerks if done by hand, and assuring complete freedom from human element errors.



Increasing Salesmen's Effectiveness

Together, MULTIGRAPH and ADDRESSOGRAPH give salesmen the selling support they need . . . to decrease sales resistance and make their visits more productive of orders.

MULTIGRAPH writes personalized letters and prints folders and booklets which pave the way for salesmen . . . also the catalogs and price lists which enable them to "demonstrate" convincingly. It prints order and report forms. It prints advance call notices, whose timely arrival is insured by ADDRESSOGRAPH addressing.

The MULTIGRAPH

day this committee meets once a week so that a relatively short time elapses between the submission of a suggestion and its adoption or rejection. The committee considers about 30,000 proposals each year, and about 35 per cent of these are adopted.

In the Plan's early days some experimentation was necessary. At first, suggestion boxes were installed throughout the factory and offices. They were usually hung in out-of-the-way places in the belief that employees were rather sheepish about offering suggestions. This was found to be an error. Today the boxes are placed near exits, time clocks, bulletin boards and drinking fountains, approximately one box for each 200 employees in the larger plants and one box for 100 employees in the smaller plants.

Several types of boxes were tried but the most satisfactory proved to be one mounted on a backboard which provided racks for displaying advertising cards and held a pad of slips on which employees could write their suggestions conveniently.

In the early days some of the men in supervisory positions were antagonistic to the Plan but this attitude has been

largely overcome by repeated declarations from the management that suggestions are desirable and an indication of progress in a department. Employees are encouraged to have faith in their superiors and to enlist their cooperation in perfecting new ideas.

A job for diplomats

THE committee found also that its work required diplomacy and an accurate system of records. The diplomacy was needed in rejecting impractical ideas. The records were necessary because a proposal not adopted when first submitted may sometimes be adopted later.

Employees are quick to note the adoption of a suggestion they have previously made and therefore the records of the Suggestion Committee are almost as accurately kept as those of the Patent Department. In this way, each man who makes a usable suggestion is assured of his proper award, no matter when his idea is put into practice.

At the weekly meeting of the Suggestion Committee each suggestion made the previous week is considered and re-

ferred to the head of the department which the new scheme would most concern. The department head reports back to the Suggestion Committee as soon as possible.

If he approves the idea, he submits estimates of the cost of installation and probable net saving. This report is checked to make sure that it is fair and thorough.

If the department head disapproves he gives his reasons and a painstaking report is made to the person who made the suggestion. If the latter can bring up some point that has been overlooked, a reinvestigation is made. Special efforts are made to prevent employees whose suggestions are not adopted from becoming discouraged or disappointed by their failure.

No maximum payment

MOST of those who make impractical suggestions are satisfied when a logical explanation is given of the reasons why their ideas cannot be accepted. Every one, however, feels that his suggestions are good ones and should be adopted. Only diplomacy and the most careful examination of all ideas can prevent some of those whose suggestions are not accepted from feeling that they are imposed upon.

If the suggestion is adopted, the Committee takes up the problem of determining the proper award for the man who made it. It is impossible to set a definite rule for payment. The minimum is \$5. No maximum has been set although the largest cash award to date is \$1,500.

In some cases it is possible to determine pretty accurately just how much a new idea may save in costs of manufacture. Many suggestions, however, relate to safety appliances, conveniences for employees, improvements in product, sanitation or similar changes, cash values of which are hard to determine. In these cases the awards are based on estimates of the importance of the suggestions.

Effort a factor in awards

EVEN when actual savings can be determined, the awards vary according to the ingenuity and effort required in perfecting the schemes.

Obviously a man who makes possible a cost reduction of several thousand dollars a year by substituting a punched part for a casting does not put forth the same effort as a man who evolves an ingenious safety device which actually saves no money. Neither



Boxes and blanks to facilitate the submission of suggestions are prominently placed in all of the Company's plants

These people modernized
their business equipment
to save money... See how
it worked!

"HANDLES DOUBLE THE
ACCOUNTS YET SAVES
\$1200 ANNUALLY"

OIL COMPANY IN OHIO

"1200 POSTINGS DAILY
COMPARED WITH 500
FROM PREVIOUS MACHINE"

PUBLISHING HOUSE

"REDUCES PREMIUM
NOTICE OPERATIONS
FROM 16 TO 11"

LIFE INSURANCE COMPANY

SAVED
DAILY

"NIGHT POSTING TIME CUT
FROM 9 HOURS TO 6"

WHOLESALE GROCERS

"THREE MACHINES SAVE
\$2200 BY DOING 170%
MORE WORK"

CHEESE MANUFACTURER

"10% MORE WORK WITH
TWO LESS PERSONS"

SHOE MANUFACTURER

"WE CAN POST DATE,
CODE NUMBER AND PRICE
AT A SINGLE STROKE"

PACKING MATERIAL MANUFACTURER

"STATEMENTS MAILED ON
1ST INSTEAD OF 10TH OF
MONTH"

MANUFACTURER OF TOILET ARTICLES

Unvarnished statements, these. From users of the Dalton Bookkeeping Machine. Their savings are the rule and not the exception. For the Dalton puts accounting on a mechanical production basis. Better business control and a lower overhead follow almost automatically. And it is significant that the majority of Daltons are sold to companies who have previously used other makes of machines. Ask the Remington Rand man to give you expert advice on your accounting problems. Or write for fact-full literature which explains why the Dalton saves so much.

DALTON DIVISION

Remington Rand
BUSINESS SERVICE



EXECUTIVE OFFICES, BUFFALO, N. Y. . . . SALES OFFICES IN ALL PRINCIPAL CITIES

When phoning or writing a REMINGTON RAND office please mention Nation's Business

If a Metropolitan Field-Man calls, you may be glad to discuss your affairs from a new angle

Metropolitan Life Insurance affords a means of creating estates for families, income in event of accident, sickness or death; of educating children, paying off mortgages, building credit in business and providing ease and comfort after retirement.

Metropolitan Life Insurance serves the man who is building a real Program of Protection for his family or business; the worker who finds it more convenient to pay for protection in weekly or monthly instalments; and the employer who, in cooperation with his employees, protects hundreds of workers under one policy.

For detailed information consult any Metropolitan Field-Man or write to the Metropolitan Life Insurance Company, One Madison Avenue, New York, N.Y.



© 1931 M. L. I. Co.

YOU know, of course, more about your personal affairs—how much you earn, how much you own—than your Insurance Representative can possibly know unless you tell him frankly about your income and possessions.

You have ambitions which you hope to realize. You know just how far you would like to go in protecting your future and that of those you care for most.

If you are one of the vast majority you may find it difficult to choose the best kind of protection that you are able to provide at this time.

Here is where a Metropolitan Field-Man can be most useful to you. It is his business to ex-

plain to you in plain, simple language how Life Insurance will pay you, your wife, or both of you, a definite sum month after month for a period of years; or how it provides against the foreclosure of a mortgage on a home, or takes care of the education of children.

If you are blessed with a practical-minded wife, it might be a good idea to let her do a little insurance planning. She knows what you are both trying to accomplish and how much you have to work with. Let her put down, in the order of their importance, your family requirements. The Metropolitan Field-Man can tell you both how nearly they can be met through Life Insurance.



METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT • • • ONE MADISON AVE., NEW YORK, N.Y.

When writing to METROPOLITAN LIFE INSURANCE COMPANY please mention Nation's Business

are the awards based necessarily on the absolute originality of the ideas. They need not be inventions or startling innovations. An award may be paid for something that has been suggested before in another department but which, for some reason, has not been applied as widely as possible throughout the plant.

We have found that about 90 per cent of all suggestions are for improved methods or improvements to existing devices. The remaining ten per cent deal largely with safety matters and improved working conditions. Few suggestions are patentable, but we have a special procedure to handle those which are. The Suggestion Committee turns them over to the Company's patent department, where suitable financial arrangements are made with the suggestors.

In spite of awards, however, there is a great deal of inertia in the average workman. The Committee must keep up a constant campaign of education to get employees to make full use of the Plan.

Interest in Plan grows

ADVERTISING posters placed on the boxes and bulletin boards and changed at frequent intervals provide an excellent means of stimulating interest. Probably the best means to this end, however, is the Works magazine. In this we print descriptions of successful suggestions, pictures of the employees making them, and the amounts of the awards.

By these educational campaigns we have continued to build interest in the Plan. The quality of the suggestions

submitted also seems to improve. In 1928, we adopted 5,550 suggestions for which we paid \$61,895 in awards. In 1929, the number of successful suggestions grew to 8,838 and the awards totalled \$104,272.

Some of our workmen have received as much in a year from suggestion awards as from their wages. Other workmen, of course, submit no ideas. They are content to plod along from year to year on the same machine doing the same routine task. Occasionally a suggestion is received from this type of workman but it is generally of a trivial nature.

A source of new talent

ONE advantage of the Plan is the fact that, through it, the management is constantly discovering new and valuable talent which might otherwise have escaped notice.

The chief engineer of an important department, for instance, owes his position in large measure to the Suggestion Plan. He came to the Company from technical school and was assigned to a more or less routine job. It was not long, however, before he began to turn in suggestions, dealing, for the most part, with the work with which he was directly connected.

Not all of his suggestions were accepted but he finally devised an improved method of assembling a piece of apparatus which had been giving engineers considerable trouble. He received a substantial award, but what was more, he brought himself to the attention of executives. Had he shown interest only in his routine job, the Company probably would never have

discovered his talent and he might still be holding the routine job at which he first was employed when he came to the Company.

Another man, rapidly forging to the front with the Company, came from the Middle West where he had been graduated from an engineering school and had worked in street-car repair shops.

Usually graduates of technical schools are given preliminary training for engineering work. However, in this case there was no opening in this particular field and, to support himself until such an opening appeared, this young man accepted employment as a laborer about the plant.

Shortly he began to turn in suggestions, chiefly dealing with street-car motors.

Most of his ideas were not usable but the Suggestion Committee became interested. It was unusual for a laborer to make suggestions of the kind he was making. With his real ability brought to light, he was transferred to a department where his talents could be used to better advantage and was given corresponding increases in responsibility and pay.

A reservoir of ideas

MANY other examples could be cited but these suffice to illustrate the second and, perhaps, the most important function of the Suggestion Plan. It not only gives the Company a method of tapping a new reservoir of ideas; it provides a searchlight that is of immense value in spotting hidden talent and placing it in positions where it can be used to the best advantage.



The Suggestion Plan not only gives the company a method of tapping the reservoir of ideas represented by its thousands of employees, it is of value in spotting hidden talent



Applying silver solder to eyeglass frames to give them strength

Jewels and Noble Metals in Overalls

By JOHN DRAKE



A BUSINESS MAN was describing a new purchase. "The diamonds alone cost \$5,000," he said, "and they are set in silver."

His companion's wife overheard and was interested.

"It sounds beautiful," she said. "For whom are you getting it?"

"An engineer."

"I didn't know engineers cared for jewelry."

The business man smiled.

"This isn't jewelry," he said. "It's a drilling tool."

The lady's surprise was genuine. Like most of the world, she had regarded precious stones and the noble metals—gold, silver and platinum—as entirely decorative. It is their most widely publicized use, but, under the earth, on it

MOST of us think of gold, silver, platinum and diamonds as useful only for decoration. It is something of a shock to learn that all of them have work to do—hard, grimy, exacting work that often only they can do. Meet in this article the skilled laborers among the earth's resources

and above it, jewels and precious metals are doing varied and useful work. They are equally at home in ball room, mining camp or factory. Despite their cost, diamonds are indispensable to many industries, while gold, silver and, more recently, platinum, have chemical and electrical qualities that fit them for jobs

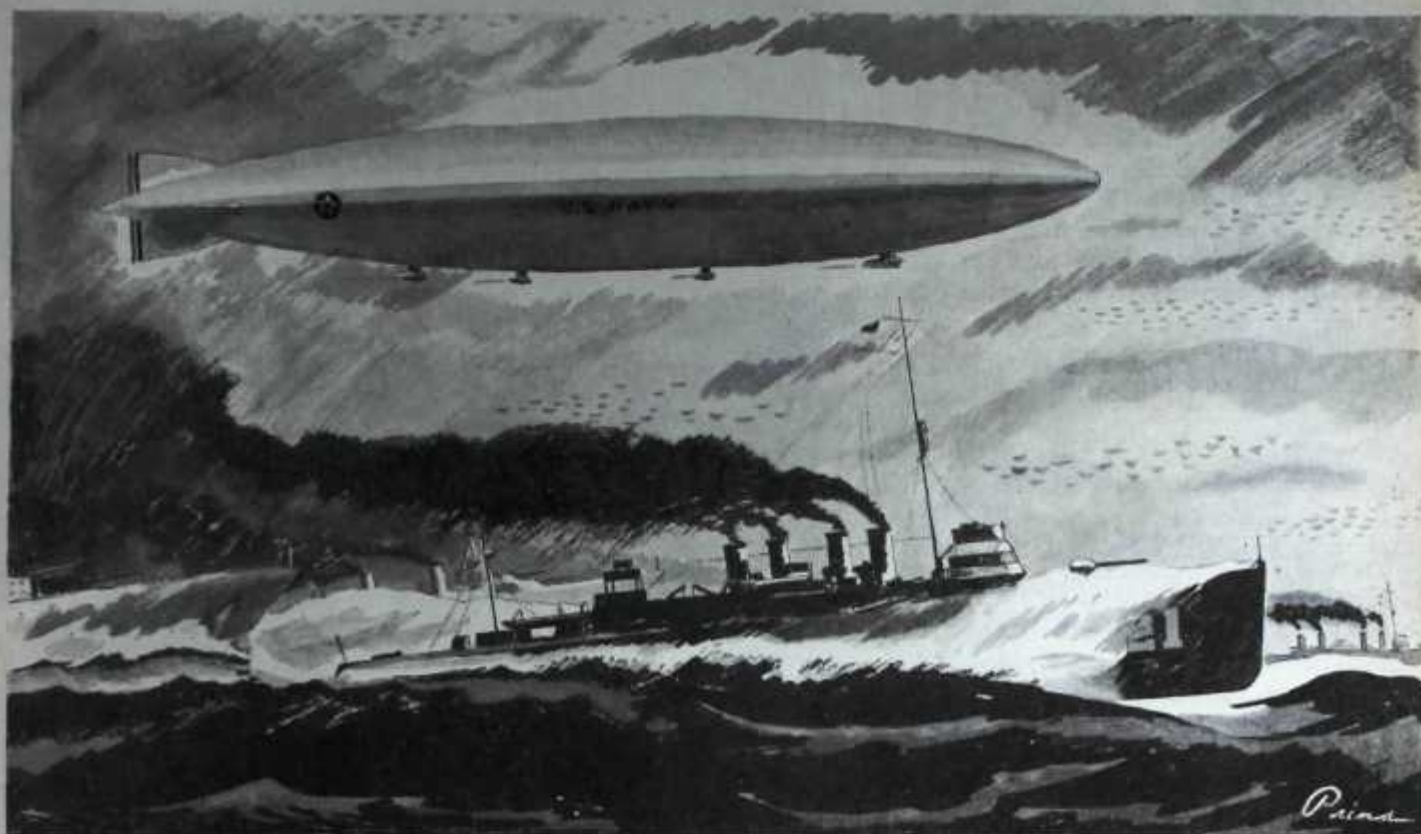
to which few other metals are adapted.

The diamond and the sapphire, for instance, are widely used in shaping wire, although the sapphire's specialized job is shaping leads for lead pencils. The plastic lead is shaped by forcing it, under great pressure, through sapphire dies. As the sapphire wears slowly and as three holes are drilled in each stone, a single sapphire can be made to do an immense amount of work. When the diameter of one hole shows a variation of

one-thousandth of an inch, the die is shifted and another hole used.

When diamonds are used in wire-making, a hole tapering toward the center is drilled through the stone and the metal is drawn through this aperture. It has been found that 100 to 200 tons of metal can thus be drawn through a

TAKE A HINT FROM THE NAVY



PERHAPS you have already combed your business from top to bottom . . . reducing expenses wherever possible without impeding efficiency. But are you sure that you have caught *every hidden saving*?

What about transportation? Many manufacturers, after having trimmed costs in every way they thought possible, found additional economies by shipping in bulk.

The United States Navy, for example, cut 85% from its cost of transporting helium. This gas, which is used in all Navy dirigibles is now carried in specially designed tank cars. Here is but one of the many instances where bulk shipment has proven more economical than the former method of shipping in small containers.

General American can build railroad freight cars to carry *anything* in bulk. In addition to this, General American leases to shippers a fleet of 50,000 cars in which you may find just the type of car you need.

If your shipping problem is particularly difficult, and there are no cars in our fleet for you to use, we will build a car exactly suited to your requirements. We have never been asked to build a car which we did not successfully construct and feel quite sure that we will not fail to build yours.

The more difficult your problem, the more anxious we are to work with you. Our engineers will welcome the opportunity to talk things over...without any obligation on your part. Unless you are now shipping in bulk you probably can greatly reduce your distribution costs by so doing. Address Continental Illinois Bank Bldg., Chicago.



GENERAL AMERICAN TANK CAR CORPORATION

"A RAILROAD FREIGHT CAR FOR EVERY NEED"

When writing to GENERAL AMERICAN TANK CAR CORPORATION please mention Nation's Business

diamond without affecting its gauge. Finer grades of wire are drawn through a sequence of plates ranging from one-tenth to one-thousandth of an inch in diameter.

The diamonds must have unusual hardness and soundness at the core. The hole is drilled by using a diamond point and finished by means of a slender needle of steel fed with diamond dust. The operation takes many hours.

Since only a diamond will cut a diamond these stones have been used for faceting gems since remote antiquity. The use of the lapidaries' wheel and of powdered bort—imperfectly crystallized diamonds or fragments made from cutting good diamonds—dates back to 1476. In our own day the use of the diamond has been highly specialized and the stones are generally used in constructive work.

Industrial diamonds

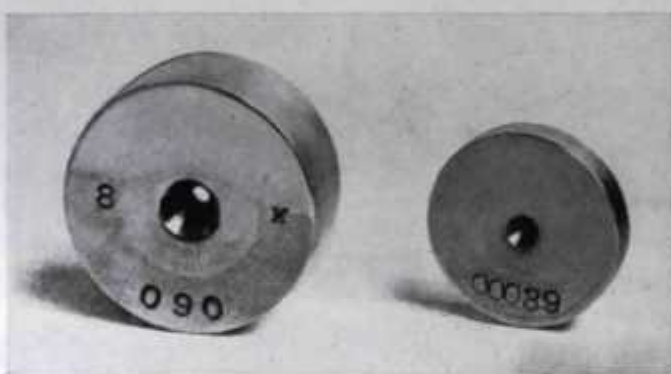
A LARGE proportion of the diamonds mined, incidentally, are unsuited for jewelry because of their color and natural defects but these qualities may actually increase their value for industrial uses.

The average yearly production of rough diamonds from all sources amounts to approximately five million carats. Sixty per cent or three million carats is suitable for polishing and 40 per cent or two million carats, for industrial purposes only. From the three million carats suitable for polishing, only 50 per cent, or 1,500,000 carats, of brilliants is obtained and of the 1,500,000 carats, five per cent, or 75,000 carats, is top grade and usable

in the finest jewelry; the balance ranging from white in its various shades to yellows and browns. The quantity of really fine rough pieces coming into the market decreases each year because undoubtedly the production from the mines is deteriorating as mining is carried to lower levels and the alluvial fields are picked.

The most general use of the diamond in industry is in tools for truing abrasive wheels. An immense amount of grinding is done with these wheels which cut freely and produce a fine finish.

But, to do the best work, the wheels must have a perfectly true, smooth surface which is best obtained by passing diamonds slowly over a wheel while it is revolving at a high speed.



Each of these dies used in making wire has a diamond in its center

Such tools perform indispensable work in every large automobile plant and in all factories where accurate grinding is necessary. The diamond is used, therefore, in the manufacture of crankshafts, cylinders, piston rings, rollers, valves, airplane engines, ship engines and so on. A

single automobile plant last year used more than 600 diamonds of considerable value in its production department alone.

Eight cents a car for diamonds

ONE such department at present employs 325 diamond point tools in the machine shops, 37 in the tool room and others in the service machine shops—in short, in practically every department.

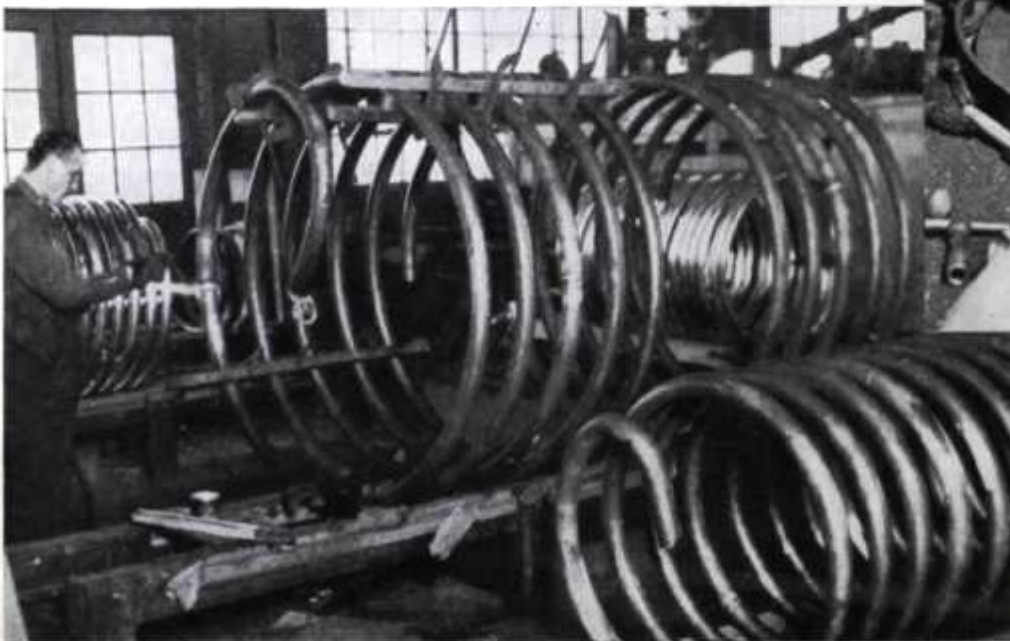
Last year, this plant produced 90,000 cars with a total cost per car for diamond consumption of \$.081. When it is considered that this is but a single automobile plant, it is obvious that the total number of diamonds employed in the automobile-building industry alone reaches a surprising total.

Diamonds are also generally used for cutting and drilling glass, porcelain and similar products. They facilitate the work of the dental surgeon in drilling



EWING GALLOWAY

A diamond-cutting machine at work. Diamond dust is used to shape the new stones



The joints of this coil, for use in a creamery, are sealed with silver solder

EVEN TIME NEEDS A VACATION WHEN HE BATTLES THE INDENTED SPIRAL!



WORN OUT by his futile efforts to destroy Reading Puddled Iron Pipe, Time, that Tough Old Tester, had a much-needed vacation—And no wonder!

For, among all pipe materials, no other puts up such a battle against Time's multitude of destructive forces as does genuine Puddled Iron—made today as Reading has made it for 83 years! That's why you will find lines of Reading Pipe still good after half a century of exposure to weather and corrosive fluids—why you will find Reading Pipe consistently outlasting other kinds of pipe in countless industries.

Only by looking for the Reading *indented* Spiral will you be sure of getting the original Reading genuine Puddled Iron Pipe. Remember, the *indented* Spiral means *Time-tested* protection from pipe troubles.

READING PRODUCTS

Pipe	Couplings
Tubing	Bar Iron
Casing	Blooms
Sucker Rods	Cut Nails
Nipples	Boiler Tubes

Send for our free booklet, "The Low Down on the Pipe Business." It contains facts that every pipe buyer or user needs to know

For information and quotations address

READING IRON COMPANY

General Offices: 401 N. Broad St., Phila., Pa.

Mills: Reading, Pa.

Atlanta, Baltimore, Boston, Buffalo, Pittsburgh, Cincinnati, New York, Detroit, Houston, St. Louis, San Francisco, Seattle, Chicago, Tulsa, Los Angeles, Kansas City

READING IRON PUDDLED PIPE

Science and Invention Have Never Found a Satisfactory Substitute for Genuine Puddled Iron

When writing to READING IRON COMPANY please mention Nation's Business

teeth. They are used for delicate bearings in watches and sensitive scales. One of the most familiar uses is in cutting window and plate glass. In optical work, they are used for splitting, sawing, polishing and drilling glass and they usually tip the sharp cutting tools used in turning ebonite, vulcanite and other fibrous material.

Perhaps, however, the diamond has done its greatest work in revolutionizing excavation and mining. More than half a century ago a diamond drill was invented which greatly simplified the problem of drilling to great depths.

The drill is a circular tube set with diamonds raised slightly above the surface. When revolved, this drill cuts through the hardest rock.

These tools are commonly used to bore holes with a diameter of an inch or two so that the rock strata through which they pass can be brought to the surface for examination. As depths of 4,000 feet or more can be reached, these tools are indispensable in prospecting and in many forms of mining.

Silver is widely used

SILVER, because of its resistance to heat and vibration, is frequently used to hold diamonds in dies or drills, but these are only a few of the uses for this metal which the recent fall in price has brought within the reach of many industries heretofore unable to use it.

Silver has unusual strength. It resists heat, cold and acids. It is an excellent conductor of electricity. Being ductile, it is easily worked. These characteristics brought it into general use even when the price was high. Today its use is becoming universal.

The manufacture of silver solder has been reduced to an exact science. Ten years ago hundreds of silver solders were available but research has brought improvement and standardization until now only 16 are on the market. As their fusion points vary from 1,325 to 1,600 degrees, it is possible to obtain silver solder exactly suited for a particular purpose.

These purposes are varied. Because of silver's resistance to extremes of temperatures it is used in making railroad switches and signals. Even should a

switch be struck by lightning, the silver would not melt. It is also used in fire-fighting apparatus, refrigerating apparatus and snow melters for this same reason. Its strength and resistance to heat and cold have won it a place in airplane manufacture.

Helps electricity

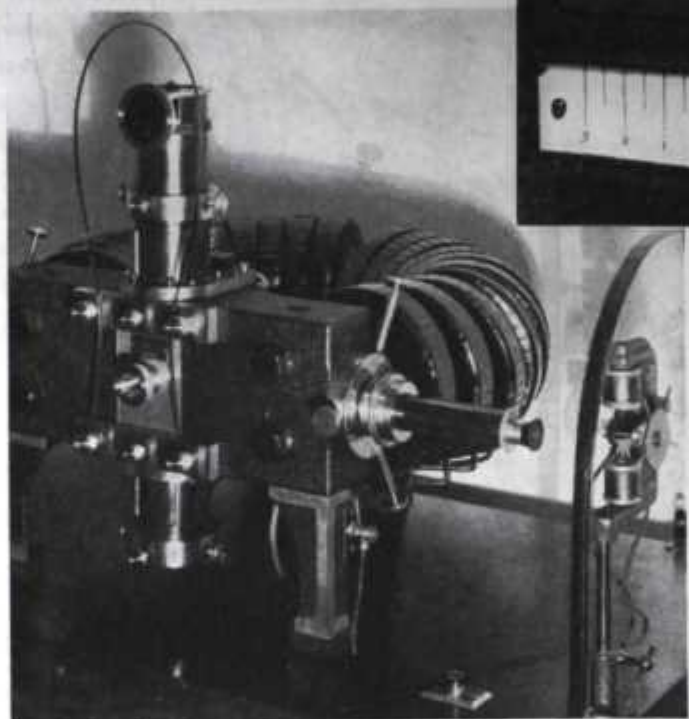
THE uses for silver in electricity seem endless and new ones are constantly being discovered. It is used for contacts and for soldering parts together. It has been found, too, that silver solder holds copper together more rigidly than other metals. As a result, trunk lines of copper wire are usually joined by silver.

It is also indispensable in photo-engraving and has been

metals and will absorb large quantities of oxygen and other gases. It alloys readily with other metals.

Thus, we find it in laboratories where it is used for many forms of crucibles and combustion apparatus, furnaces, retorts, bottles, combustion tubes, filter cones, cathodes, gauze, perforated sheets, electrodes, rivets and wire. The list might be continued indefinitely.

The apparatus with minute holes



A gold-plated wire, so thin it is invisible to the naked eye, is an essential part of this instrument for measuring heart beats. A ray of light throws a shadow of the wire on a dial (shown above) where the beats are recorded



through which rayon is drawn is made of platinum as are delicate scales and other instruments from which accuracy is demanded.

The lightning rod which stands guard over your home probably is tipped with it.

But, despite their utility, these metals probably must bow to gold as the most versatile metal. Its chemical qualities, purity and ability to resist acids and the wear and tear of modern life set it in a class by itself.

The application of gold in jewelry and the decorative arts is endless. It is beaten into leaves so thin that it is possible to use it

employed in photography since the earliest days of the art—the motion picture industry has absorbed vast quantities of it.

Platinum, despite its high price, is also widely used in industry. It is a good conductor of electricity and practically infusible. It resists acids with the single exception of *aqua regia*. It has a low rate of expansion as compared to other

for decoration at remarkably little expense, and in addition to its beauty, it can do much useful work. It serves chemist, research worker, debutante or financier with equal facility. Although it has been one of the chief objects of desire for untold centuries and, in the form of jewelry, has given beauty to the lives of the races, it has been working all that time.

RICHEST claims are staked on unexploited ground!



DISSATISFIED with meager siftings of "pay dirt" gleaned from diggings overrun with zealous fortune seekers, the boldest "Forty Niners" pushed on to new ground—and staked rich claims.

Today, knowing well that common profit sources have been screened and re-screened in fruitless search of elusive nuggets, sagacious prospector-executives, too, are turning to new fields—and are finding new profits.

At a time when every saving and every added profit counts more than ever before . . . In a period when a substantial reduction in production cost is a most potent weapon against avid competition . . . *Right now*, these men are benefiting from the savings-profits of Diesel generated power. Savings as much as 50 per cent are common in the record of the nearly 2,000,000 Fairbanks-Morse Diesel horsepower now in service.

Fairbanks-Morse—America's largest manufacturer of

Diesel engines—sincerely believes that every open minded industrial executive should want to know whether or not he can cut costs with Diesel power. Fairbanks-Morse stands ready to tell these executives—after making a power survey—just how much their saving will be *in dollars and cents* and how, under the "Savings Payment Plan," F-M Diesels *actually pay for themselves*.

A request for further information—either in the form of literature or an interview with thoroughly qualified F-M engineers—will place you under no obligation. Fairbanks, Morse & Co., 900 S. Wabash Ave., Chicago, Illinois.

Interesting books mailed on request

Bulletin No. 3010 discusses the economics of Diesel power. Bulletin No. 3011 explains the purchase plan whereby the engines may be installed with a comparatively low initial investment. These books will be mailed to executives on request.



FAIRBANKS-MORSE

diesel engines



MOTORS . SCALES . PUMPS

SINCE LAST WE MET

A Business Record August 10 to September 10

AUGUST

10 • SELLING below cost held unfair in trade practice sales approved for petroleum industry.

11 • WHEAT crop placed at 893,582,000 bushels by Department of Agriculture, or nearly four per cent more than in 1930.

GRANGE, Western states regulatory commissions, and Associated Industries, Inc. join in fight against rail-rate raise.

FOUR air lines merge; forming United Air Lines, world's largest system.

13 • A. F. OF L. executive council advocates immediate adoption of five-day week in all industries as unemployment measure.

WHEAT carry-over, 319 million bushels 9.8 per cent higher than last year.

FARM BOARD asks 14 cotton states' governors to urge planters to abandon much cotton now growing.

TEXAS legislature closes special session with compromise oil conservation bill.

ASSOCIATION of community chests reports 227 communities will be able to meet unemployment situation this winter without outside aid.

14 • BIG FOUR brotherhoods support railroad's plea for rate raise.

15 • NATIONAL CHAMBER Unemployment Committee suggests guaranteed jobs as stabilizing influence.

LIFE insurance for first seven months off 13 per cent from year ago.

A. & P. STORES system reports dollar loss of 1.24 per cent for July, but tonnage gain of 11.14 per cent thus reflecting price reductions.

17 • TEXAS troops close 1,631 oil wells.

18 • JULY exports with total of 183 million dollars lowest in 7 years.

19 • WIGGIN bankers committee at Basel urges revision of reparations.

20 • SINCLAIR and four other oil companies to merge, forming billion dollar world-wide company.

22 • MERGER of New Jersey and California Standard companies reported under way, making a two and a half billion dollar company.

24 • SIX THOUSAND American workmen, mostly skilled, to be in Russia by end of year, Amtorg reports.

25 • WALTER S. GIFFORD installed as chairman of President's Unemployment Relief Commission.

26 • BANKERS meet in offices of Morgan Company to discuss size of sum industry must raise to meet unemployment situation.

WHEAT, corn and rye fall to new low prices for 1931.

28 • BRITAIN'S new government begins negotiations for half billion loan here and in Paris.

5,100,000 unemployed August 1, Labor Federation President Green estimates, predicting seven million by January 1.

29 • GOVERNOR ROOSEVELT asks New York Legislature for 20 million dollar fund for jobless, to be raised through increased personal income taxes.

BRITISH credit of 400 million dollars set up by New York and Paris.

33,238 affected by July 15 pay cuts, Department of Labor finds.

WITH 15,000 Chinese drowned and 15 million homeless, missionaries place flood relief needs at 10 million dollars.

WINTER WHEAT acreage to be cut 12 per cent to lowest point since 1914, Department of Agriculture finds.

BANK CLEARINGS, off 23 per cent from year ago, at lowest point in many years. Savings deposits in July fell \$2,326,198.

FARM BOARD paper losses in wheat and cotton estimated from Chicago quotations at \$205,365,000 or 63.8 per cent of investment.

30 • SEPTEMBER dividends estimated at 350 million dollars, a drop of 125 million dollars from last year.

31 • 1,100 million dollars offering at lowest interest rates since war made by Treasury.

SEPTEMBER

1 • PAYNE WHITNEY estate, \$239,301,017, largest ever filed in America.

FARM BOARD refuses further cotton purchases.

NEW SECURITIES marketed in August less than half total of year ago.

2 • SEARS, ROEBUCK and Montgomery Ward drop merger plans.

OWEN D. YOUNG named aide on Gifford Committee.

3 • BANK OF U. S. to pay 30 per cent of deposits during next week.

COMMODITY price index shows drop of 2½ per cent in August.

4 • BERLIN stocks fall 25 to 40 per cent as Bourse reopens after 7 weeks' shutdown.

PRESIDENT declares against veterans' move to get two billion dollar payment.

5 • PRESIDENT acts to accept China's offer for 15 million bushels of Farm Board Wheat.

6 • PROPOSED Austro-German customs union held illegal by World Court rate, eight to seven. Kellogg among dissenters.

COMMON stocks quoted on New York Stock Exchange gain 10¼ per cent from June 2.

7 • GOV. ROSS STERLING calls session of Texas legislature to enact measures to conserve oil and reduce cotton acreage.

8 • \$25,250,000 levied on stockholders to aid Bank of the United States.

WORLD wheat crop drops five per cent, or 150 million bushels, in year, Department of Agriculture reports.

31,000,000 students begin school and college year.

NATIONAL CITY BANK of New York opens four million dollar Paris branch building.

9 • FORD recalls 15,000 men. Payroll total nearing 85,000.

GERMAN Agricultural Chamber announces deal for 7,200,000 bushels American wheat.

TREASURY issue of \$800,000,000 in 3 per cent bonds oversubscribed by \$140,559,550.

10 • POST OFFICE deficit set at \$150,000,000 for fiscal year ending June 30, 1932.

TOTAL import and export trade of Soviet Russia amounted to \$441,000,000 for first half of 1931, off \$63,000,000.

COMMERCE DEPARTMENT announces American investments abroad now total \$15,675,028,000.

NEW YORK CENTRAL cuts dividend rate to \$4 a year.

It may be costly if you buy **ONLY** "fire" insurance



You also need
insurance for
Interrupted In-
come—Rent—
Rental Value—
Leasehold, etc.

Business executive or stockholder, landlord or tenant . . . you have an interest in property that should be protected by fire insurance.

But . . . that is not enough!

Suppose your plant is damaged so that production stops for months; what about lost profits? What money will pay taxes, salaries of men under contract?

Suppose an apartment house or office building burns; fire insurance may replace the building but it won't pay income to the landlord. Nor will it make up the difference if a tenant has to pay increased rent for other space in a suitable building.

Fire insurance is just one phase of property insurance. It is essential, but it does not—can not—give you all the cov-

erages you should have today.

Interrupted Income Insurance (or Use and Occupancy), Rent, Rental Value, Leasehold—here are policies fully as important to many property owners as fire insurance. They continue income in the face of adversity; they provide a place in which to do business or to live. They supply necessary money for taxes and assessments or any charges that continue even after a building has been destroyed.

* * *

Write for specific literature; get the facts on any of these policies with which you are not now familiar. Or call the Agricultural Agent in your community. He will gladly give you full details on more than twenty different property coverages issued by this long experienced company.

Agricultural Insurance Company, of Watertown, N.Y.

THESE AGRICULTURAL POLICIES ARE AVAILABLE TO ALL PURCHASERS • Fire • Parcel Post • Automobile • Marine Use and Occupancy • Rent and Leasehold • Windstorm • Aircraft Damage • Sprinkler Leakage • Explosion and Riot • and other property coverages.

No Business Can Escape Change

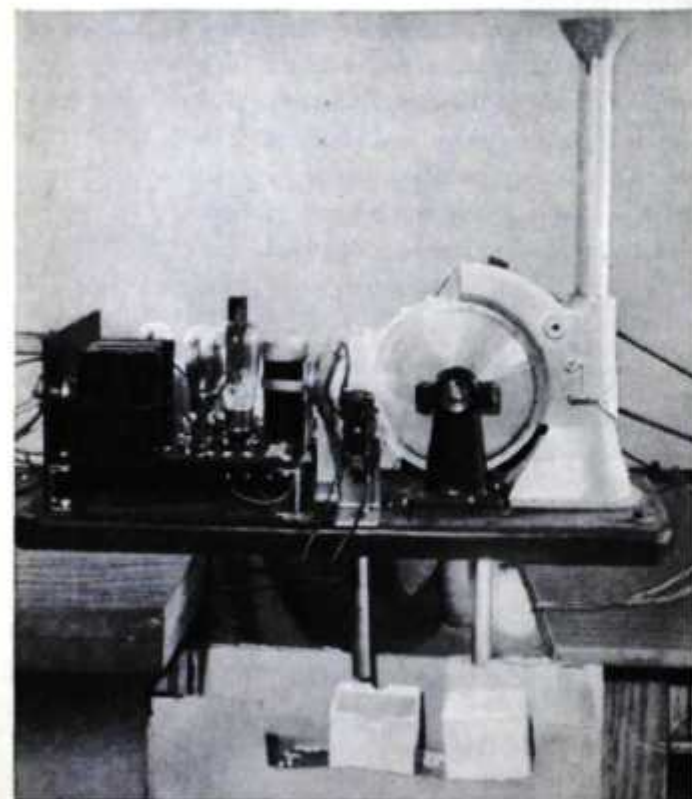
PERFORATED steel, coated on both sides with glass, has been developed. Said to be practical for walls, floors, roofs and doors, it can be made transparent, translucent or opaque. . . .

IN A new composite metal, stainless steel is veneered and completely bond-welded to a mild steel slab, then rolled to form an integral plate or sheet. Advantages of regular stainless steel at lower cost are claimed. . . .

ALUMINUM-covered shingles are being made. With fiber-board insulation, they are said to protect against fire, heat and cold. . . .

A LIQUEFIED lead coating for metal has been developed in England. Having a positive amalgamation with iron or steel, one coat is said to make metal permanently rustproof. . . .

A NEW battery of vending machines forms a miniature tobacco shop. A cent in a slot brings a cigarette and a light or three pipe cleaners; a nickel brings a cigar; a dime a pack of 12 cigarettes, package of tobacco or a ten-cent cigar. . . .



COURTESY, GENERAL ELECTRIC COMPANY, SCHENECTADY, N. Y.

Now the versatile "electric eye" turns bean sorter. The drum passes navy beans before the "eye," discolored beans fall into one box, good beans into another

★ **NEW IDEAS**, new machines, new products come into the business world in constant parade. Business, once stubbornly resistant to change, now sees with a clearer eye, coldly weighs the new against the old, accepts that which common sense commends

THIRTY minutes is given as the drying time of a new quick-drying paint for wood, metal, brick or plaster. . . .

A NEW varnish, proof against hot water, alkalies and acids (except nitric), and so dark that one coat usually suffices, has been produced from cottonseed hulls. . . .

SPECIALLY designed, a new paving brick is used with four-by-four-inch steel mesh to form reinforced brick paving. Common labor can be used in laying the brick. . . .

A NEW hoist and body dumping unit for motor trucks dumps loads to rear or either side. The hoist is of the single-unit hydraulic type. . . .

YOU roll your own with a new cigarette-making machine, sold with tobacco, papers and metal cigarette container for \$1. . . .

MOTORS are started in the morning, stopped and started according to prearranged schedule through the day, and shut down at night by a new type of time switch. . . .

A NEW continuous and automatic syrup and sugar plant grinds out 50 tons of sugar a day. Using the fiber for fuel, it functions so long as cane is placed on the carrier. . . .

A RECENT discovery in date pollination enables growers to make their crops mature either early or late. As all dates must be hand-pollinated, no extra cost is involved. . . .

"MUDGUARDS" of thin light rubber which pull on over stockings may now be had to protect silk hosiery on rainy days. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—Material for this department is gathered from industrial and scientific publications, announcements from individual industries, bulletins from research institutions and from personal interviews. Further information upon any of the subjects mentioned will be furnished readers upon request.

Advertising and Marketing Counsel

. . . . Product research, on-the-ground study of markets and merchandising, and complete advertising service in newspapers, magazines, radio, and outdoor . . . The J. Walter Thompson Company is an organization of more than eleven hundred people, located in twenty-five offices in the market centers of the world.

Total population in the areas served by these offices—one billion four hundred million

J. WALTER THOMPSON COMPANY

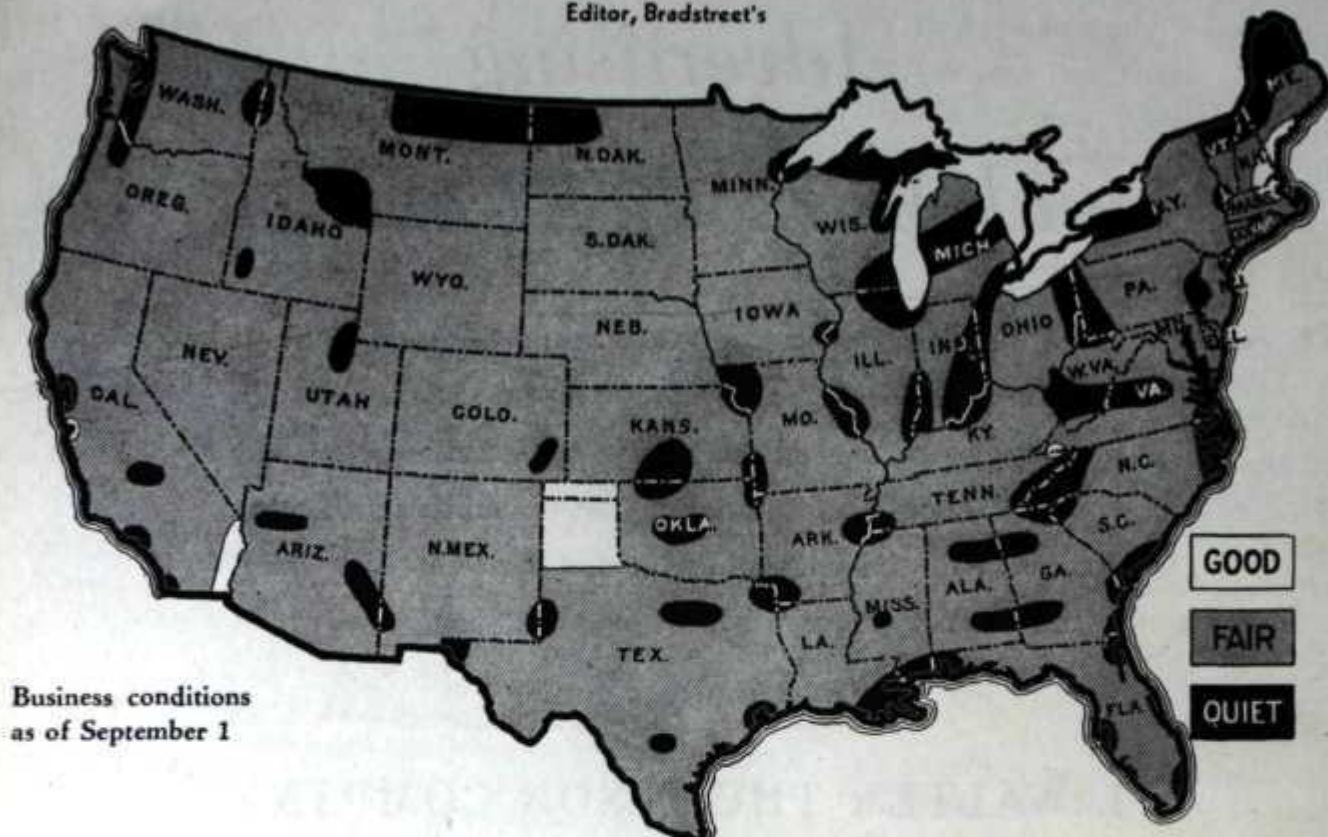
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ST. LOUIS	MADRID	★
BOSTON	STOCKHOLM	BOMBAY
CINCINNATI	COPENHAGEN	BATAVIA
SAN FRANCISCO	BERLIN	SYDNEY
LOS ANGELES	ANTWERP	WELLINGTON
★	★	★
MONTREAL	BUENOS AIRES	LATIN-AMERICAN
TORONTO	SAO PAULO	& FAR EASTERN
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The Map of the Nation's Business

By FRANK GREENE

Editor, Bradstreet's



Business conditions
as of September 1

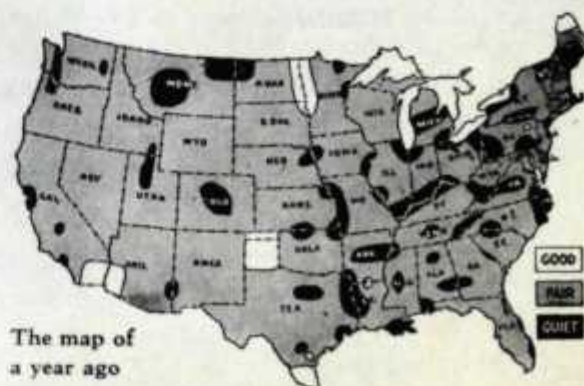
TRADE was at low ebb in August and farm products at the lowest levels in years. Prospects for fall trade were clouded, though lower prices for necessities were enlarging volume if not value of sales

AUGUST was a month of infinite, if not exactly pleasing, variety. Improvement was visible in some directions and the reverse in others, with both conditions strangely intermixed. This latter fact is of additional interest because, with the advent of September, there had elapsed two full years since the first indications of the stock-market collapse of 1929. Labor Day Week of September, 1929, saw the notable price hesitation which, while temporarily removed, set the level of high prices for the Great Boom which definitely burst in October, with repercussions which have continued up to the present.

This August, one of the quietest in years, saw trade distribution as a whole at the lowest ebb, with only a few industries showing a pre-autumn awakening. The stock market tugged rather idly at a short anchor rope, though utilities and oils rose while railroads fell off on a talk of dividend reductions. The bond market, the rails leading, was rather weak as a whole and showed more of a decline in percentages of prices than did stocks. Prices of farm products were at the lowest point in more than a generation, with the premier cereal, wheat, recording the lowest prices in 80 years. The general price index number was the lowest since 1911. Foreign trade was one-third less than a year ago and one half



The map of
last month



The map of
a year ago

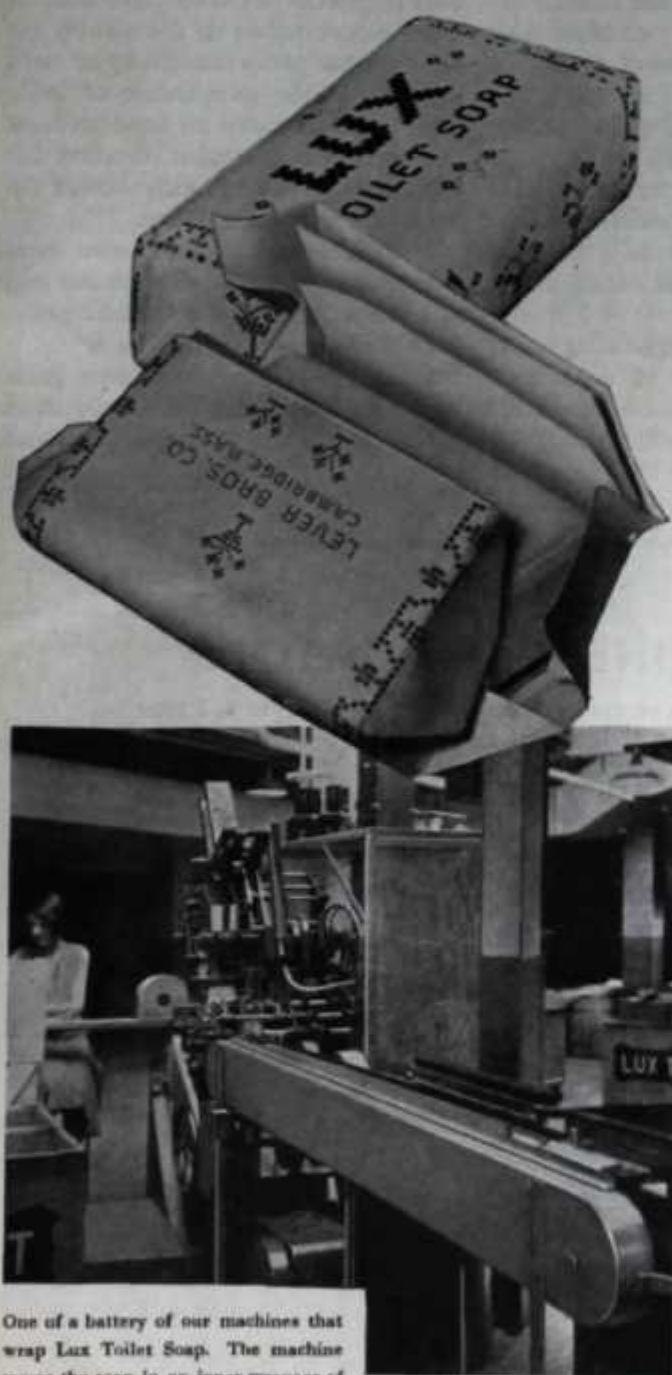
The worst seemed past for the railroads on the face of August returns. May saw the lowest point in gross earnings, January the lowest in net returns.

"I am intended for fastidious women"

says this LUX package

Yet it is produced at
extremely high speed

(150 per min.)



One of a battery of our machines that wrap Lux Toilet Soap. The machine wraps the soap in an inner wrapper of glassine; folds a piece of cardboard around the cake, and seals the whole in a printed wrapper—150 cakes per minute.

A PACKAGE of Lux toilet soap literally says "I am intended for fastidious women." The design of the wrapper follows the motive of her tiled bathroom, and the wrapping is so smooth and neat, one cannot help but feel that here indeed is perfection expressed in soap.

To examine this fine package you would hardly believe that it could be produced at the rate of 150 cakes per minute. Yet that is the speed at which our soap wrapping machine works.

The machine wraps an inner glassine wrapper around the soap, folds a piece of cardboard around the cake, and encloses the whole in a printed wrapper, folding and gumming the flaps. All of these operations are performed with such lightning like rapidity that the eye is absolutely incapable of following them, although the mechanism is in full view.

High speed is an important factor in keeping production costs at a minimum. And, of course, a fine looking package is a great sales help.

"Packages that sell, produced at low cost." This is what every package goods manufacturer wants, and it is our business to give it to him—whether he makes soap, food stuffs, cigarettes, candy or any other product that can be sold in a package.

PACKAGE MACHINERY COMPANY
SPRINGFIELD, MASSACHUSETTS

New York

Chicago

Los Angeles

London: Baker Perkins, Ltd.



PACKAGE MACHINERY COMPANY

Over 150 Million Packages per day are wrapped on our Machines

that of 1929, with both exports and imports the lowest since 1914.

Another side of the picture was seen in continued evidences that lower prices of most commodities were developing a volume, not value, of buying not equaled since the slump. Processes of recuperation and repair seemed going forward in foreign countries; activity in manufacturing of necessities like foods and wearing apparel, notably textiles and shoes, was maintained in most cases, and there seemed growing recognition that "a dollar was going farther" than for many years past. Failures tended to shrink more perceptibly than did liabilities. The latter, however, were smaller than in many preceding months, though 1931 will set up new high totals of both.

So far as was visible in a statistical way, seasonal and weather conditions were responsible for some of the quieting down shown in wholesale and retail distribution and in collections. Preparations for fall trade were productive of a moderate uplift, however, in certain industries which, as already indicated, cater to every-day needs for food and wearing apparel. Late crops appeared to promise fairly well although gains over the rather short yields of the drought year, 1930, were confined to a few great staples like wheat, corn, cotton, potatoes and apples. Only winter wheat and peaches set up new records. Cumulative effects of the overproduction bred by the War bade fair to show a shrinkage in farm-product values unapproached in many years.

Oil prices are higher

THROUGH what was, on its face, an extension of the state's right of eminent domain to an unprecedented point in this country, Oklahoma and Texas closed off the most of the two great areas of petroleum production in July, bringing about the smallest rate of output in a decade. This had the expected effect of turning prices upward, not perhaps to the absolute height of \$1 per barrel predicted in some public statements but certainly up to 60 to 70 cents a barrel. It also stiffened prices of gasoline but probably not enough to discourage the increased consumption induced by a practical return to pre-war retail prices.

These prices for gasoline added temporarily at least to the list of great products which have been selling better than a year ago, those hitherto prominent in this respect being silk, cotton and woolen goods, shoes and, in more recent months, rubber.

Indeed, this matter of price is not to be ignored in any discussion of future

trade. Of course production has been enormously in excess of current needs and drastic cuts must be made in acreage and yield of crops and in other activities. Yet evidence is plentiful that there is plenty of money in the country, in banks or in stockings; second that, as the National City Bank recently expressed it, "Buy Now" circulars may not draw trade but lower prices for necessities will; third that trades and industries which have stood out for maintenance of "scales" and "rates" have simply stood in their own light and do not see or appreciate the "irresistible logic of events" and the world-wide readjustment of all values now in progress.

It is probably not exaggerating to say that volume of sales of necessities, where price reductions have been made in keeping with the cuts at wholesale

and in manufacturing lines, is larger than a year ago. It also seems as if present losses must be taken if future gains are to be made.

Farm prices are varied

DEPRESSION in trade and lack of usual export outlets do not entirely explain the low prices brought by all farm products in the midsummer of 1931. Lush yields indicated for some products had important effects, but even here differences were visible which showed the working out of other forces.

Dairy products advanced even more than usual, due to hot, dry weather and its effect on pastures. New tobacco prices were really fair to good. In wheat a record crop of the winter-sown grain was balanced by a phenomenally short spring crop so that the gain in all wheat

BUSINESS INDICATORS

Latest Month of 1931 and the Same Month of 1930 and 1929
Compared with the Same Month of 1928.

	Latest Month Available	Same Month 1928=100%		
		1931	1930	1929
<i>Production and Mill Consumption</i>				
Pig Iron	Aug.	41	81	120
Steel Ingots	Aug.	43	71	118
Copper—Mine (U. S.)	July	53	74	108
Zinc—Primary	Aug.	41	79	106
Coal—Bituminous	Aug.*	77	89	105
Petroleum	Aug.*	93	96	118
Electrical Energy	July	106	109	111
Cotton Consumption	July	96	83	119
Automobiles	Aug.*	40	52	110
Rubber Tires	June	83	78	107
Cement—Portland	July	80	98	99
<i>Construction</i>				
Contracts Awarded—37 States—Dollar Values	Aug.	47	70	95
Contracts Awarded—37 States—Square Feet	Aug.	40	52	85
<i>Labor</i>				
Factory Employment (U. S.) F.R.B.	July	77	89	105
Factory Pay Roll (U. S.) F.R.B.	July	66	84	107
Wages—Per Capita (N. Y.)	July	91	97	102
<i>Transportation</i>				
Freight Car Loadings	Aug.*	70	88	105
Gross Operating Revenues	July	73	99	109
Net Operating Income	July	59	87	130
<i>Trade—Domestic</i>				
Bank Debits—New York City	Aug.*	50	71	140
Bank Debits—Outside (X)	Aug.*	73	90	116
Business Failures—Number	Aug.	105	103	95
Business Failures—Liabilities	Aug.	91	85	58
Department Store Sales—F.R.B.	July	81	89	99
Five and Ten Cent Store Sales—4 Chains	Aug.	100	102	114
Mail Order House Sales—2 Houses	Aug.	101	115	131
<i>Trade—Foreign</i>				
Exports	July	47	70	106
Imports	July	55	69	111
<i>Finance</i>				
Stock Prices—30 Industrials	Aug.	62	105	161
Stock Prices—20 Railroads	Aug.	50	93	128
Number of Shares Traded	Aug.	38	64	148
Bond Prices—40 Bonds	Aug.	98	101	96
Value of Bonds Sold	Aug.	108	94	142
New Corporate Capital Issues—Domestic	Aug.	17	135	223
Interest Rates—Commercial Paper, 4-6 Months	Aug.	35	56	113
<i>Wholesale Prices</i>				
U. S. Bureau of Labor Statistics	July	71	85	100
Bradstreet's	Aug.	64	79	95
Fisher's	Aug.	69	83	97
<i>Retail Purchasing Power, 1923=100%</i>				
		1923=100%		
		July 1931	July 1930	
Purchasing Power of the Retail Dollar		116	105	
Purchasing Power of the Clothing Dollar		127	110	
Purchasing Power of the Food Dollar		123	101	
Purchasing Power of the Rent Dollar		122	112	

* Preliminary

X Excludes Boston, Cleveland, Chicago, Los Angeles, Phila., Detroit, San Fran., and New York.

International Harvester

begins its Second Century

... in High!

with Trucks at NEW Low Prices ..

INTERNATIONAL HARVESTER this year celebrates a century of continuous history—a hundred years of quality manufacture, including thirty-two years of automotive development.

At the bottom of this page are listed some of the organizations a century old, and older, that are owners of International Trucks. It is only a partial list, but it includes a national government or two; some of the oldest cities, railroads, daily newspapers and banks; and the most historic commercial houses on this continent. Most of the great modern corporations are not eligible to this list, not for any lack in trucks, but only because they have not reached the century mark. As a matter of fact, the majority of the industrial leaders of America do own Internationals—in fleets large and small, totaling tens of thousands of trucks.



This illustration shows the 3-ton International Model A-5. International Harvester offers a full line of trucks ranging from ¾-ton to 5-ton.

Ask for a demonstration of
the new 1½-ton, 4-speed
Model A-2 at

\$675

chassis, f. o. b. factory

Time brings experience, and experience has brought outstanding success to International Trucks. Today this Company ranks high among the leaders in truck manufacture, making both speed and heavy-duty models for all hauling requirements. Its record is convincing proof of owner satisfaction. International Harvester begins its second century better equipped than ever to provide low-cost hauling to truck users in every field.

We invite your close inspection of today's line of attractive, well-built trucks, sold and serviced through 183 International branches and thousands of International dealers.

INTERNATIONAL HARVESTER COMPANY

606 So. Michigan Ave.

OF AMERICA
(INCORPORATED)

Chicago, Illinois

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Baltimore & Ohio Railroad
City of Baltimore, Md.
Barnes, Inc., Philadelphia, Pa.
City of Cincinnati, O.
City of Columbia, S. C.
Consolidated Gas Co., New York, N. Y.
C. H. & Geo. H. Cross, St. Johnsbury, Vt.
Dominion of Canada
Funk Bros. Seed Co.,
Bloomington, Ill.

Patrick Hackett Hardware Co., Inc.,
Ogdensburg, N. Y.
Harrisburg Telegraph-Press,
Harrisburg, Pa.
R. Hoe & Co., Inc., New York, N. Y.
J. M. Huber, Inc., Brooklyn, N. Y.
Hudson River Night Line, New York, N. Y.
Hudson's Bay Company
City of Jacksonville, Fla.
Mackintosh-Hemphill Co., Midland, Pa.
City of Memphis, Tenn.
Mollineux Bros., Inc., Hempstead, N. Y.
City of New Orleans, La.

City of New York, N. Y.
New York Central Railroad
New York, New Haven & Hartford Railroad
Pennsylvania Railroad
Philadelphia Inquirer
Philadelphia National Bank
S. S. Pierce Co., Boston, Mass.
Pittsburgh Post-Gazette
Reeves, Parvin & Co., Inc., Huntingdon, Pa.
G. W. Richardson & Son, Auburn, N. Y.
City of Richmond, Va.
St. Mary's of the Springs, Shepherd, O.
St. Vincent De Paul Society, Milwaukee, Wis.

Simpson & Morehead, Inc., Troy, N. Y.
P. A. & S. Small Co., York, Pa.
Southern Railway System
Steinman Hardware Co., Inc.,
Lancaster, Pa.
John L. Thompson & Sons Co., Inc.,
Troy, N. Y.
United States of America
John Wanamaker, New York, N. Y.
Warner Company, Philadelphia, Pa.
City of Washington, D. C.
James Y. Watkins & Sons, Inc.,
New York, N. Y.

INTERNATIONAL TRUCKS

TRY IT . . .

YOURSELF

we'll send you
TEST SHEETS

FOLD it, tear it, write or type on it—give it any test you like. See if this isn't just about what you've been looking for in a lower-priced bond—with a recorded assurance of its quality.

That promise, of course, is the watermark "MANAGEMENT BOND—A HAMMERMILL PRODUCT."*

Mail the coupon for a portfolio that includes samples of the paper in all its colors and weights. Then judge for yourself how this new lower-priced bond fits into your present requirements.

*Hammermill men and Hammermill methods produce Management Bond at Hoquiam, Washington.

HAMMERMILL PAPER COMPANY
Erie, Penn.

Gentlemen: I am attaching this coupon to my office letterhead. Please send me a Portfolio of Management Bond, the lower-priced paper made by Hammermill men.

Name _____

Position _____

PLEASE ATTACH THIS COUPON
TO YOUR OFFICE LETTERHEAD

N 8



was not large. Government efforts to keep prices up, with the natural result of accumulating a record stock and cutting off export trade, of course bore some of the responsibility here as in cotton, which dropped long before the heavy yield of 15,584,000 bales indicated by the August 1 government crop report was in sight.

The lowest levels for 80 years reached by wheat and the renewed weakness shown in cotton were coincident with listless markets for securities. September wheat on August 31 sold at 45 cents at Chicago, said to be the lowest point reached by spot wheat since October, 1852, before the Board of Trade was organized.

A prominent contributing feature in depressing both wheat and cotton prices in early September was the statement by the acting chairman of the Farm Board that under no consideration would the Board's subsidiaries make further purchases of wheat or cotton.

Cotton cheapest since 1908

A CARRYOVER in cotton of 8,710,000 bales and the prospect of this year's large yield, showing a prospective supply double last season's consumption of 12 million bales were evidently partly responsible for the decline at leading markets to 6½ cents, the lowest price since 1908.

The price of cotton and cottonseed fell 18 points in the Agricultural Department scale in the July 15-August 15 period, the lint itself showing a drop of 45 per cent from a year ago and the farm price ranging in the neighborhood of 6¼ cents. Beef cattle and raw wool prices were 19 and 34 per cent respectively below a year ago.

It is, of course, too early to predict as to December 1 prices, the usual gauge of the year's result, but it would seem certain that the drop in the Agricultural Department index of farm prices of 33 points from a year ago will bring the total value of the year's crops down to the lowest point in perhaps 20 years. What this will mean to buying power in the rural districts need not be enlarged upon. Some of this effect has already been visible in the value, not volume, of mail-order business.

If there is such a thing as an irreducible minimum in gross revenue and net operating income of railways, these public utilities would seem to have hit it last spring and winter respectively, in May in the case of gross earnings and in January in the case of net return. Estimates for July, based on reports from 75 roads, show a gain over June of



BUSH TERMINAL—AN INDUSTRIAL CITY WHERE COSTS ARE CUT
IN HALF AND EFFICIENCIES MULTIPLY SALES OPPORTUNITIES

How to **MAINTAIN PROFITS** *in the face of* **REDUCED REVENUE**

IF profits represent the difference between outgo and income (as they most certainly do), and if it is difficult to increase income (as some people are saying), isn't it obvious that profits may be retained by reducing outgo, particularly when such a reduction brings with it greater efficiency?

If that impresses you as being a radical statement, be all the more eager to challenge it, to make us prove that it can be done, to demand evidence that it has been done.

You can get profits out of reduced costs by using the facilities of Bush Terminal.

Bush Terminal is not a building...but a city of buildings that may well be called industrial apartment houses, for they provide economies and conveniences for manufacturing, warehousing and distributing merchandise that are as carefully planned and operated as the economies and conveniences of your dwelling apartment house.

While the first and most spectacular service of Bush Terminal may be to cut your current operating costs, one of its most vital services is to multiply sales expansion opportunities by making elastic production schedules possible, and to provide greater efficiency in production and distribution processes.

Specifically, Bush Terminal offers: eight gigantic piers for ocean and coastwise steamships; concrete and steel fire-proof buildings, 100% sprinkled, light, airy; power, light and steam at lower costs; no cartage costs for moving rail freight into or out of terminal (package or carload); connections with most coastwise steamship lines, eliminating all or part of trucking charges to piers; stations of all consolidated car companies; plentiful labor; 5,000 to 100,000 square feet on one floor, reducing space and supervision costs by 35%; insurance rates as low as 8¢ per hundred, effecting vast savings; service by every trunkline railroad entering New York...sidings at every door.

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two percent in gross and 11 per cent in net for the Class I roads combined. June, in turn, gained fractionally in gross and 21.5 per cent in net over May. Both gross and net returns were larger in July than in any preceding month this year.

This was done on an indicated decrease in carloadings of 17.6 per cent from July, 1930, and a decline in gross earnings of 17.3 per cent, which is evidence of the close margins on which the roads worked. Net railways operating income fell off 32.6 per cent from July a year ago, or at a rate slightly less than double the decline in gross. Compared with 1929, however, the decline in July gross was 32.3 per cent and that in net operating income was 54.9 per cent.

Railroad income is low

FOR the seven months, the indicated decrease in gross and net from 1930, this always conceding the correctness of the trends shown by the 75 roads, was respectively 18.5 per cent and 36 per cent. Compared with 1929 in the like period the decreases in gross and net were 29.2 and 57.1 per cent. The decreases in carloadings for seven months of this year were 18.1 per cent from 1930 and 27 per cent from 1929. These decreases seem on a par with declines shown in the "heavy" industries which are important feeders of the railroads in normal times.

There have been a number of nostrums offered by political physicians for the present agricultural depression. These range from the proposal that the Government keep all the cotton and wheat it has left from last year or 1929 and let the growers sell their 1931 crop to the proposal that the government buy eight million bales of cotton and not allow any cotton to be grown next year.

The effort in connection with the latter proposal to get individual cotton states to prohibit growing cotton next year does not seem to have gone over very well. Also the plan of the Farm Board for having every third row of growing cotton plowed under, thus destroying four million to five million bales, was given a poor reception.

Two countries report possible reductions in wheat area in the coming year. Argentina has seeded only 80 per cent of 1930's planting and our own Agricultural Department reports "intention to plant" only 37,344,000 acres in winter wheat, a decrease of 12 per cent. In the case of this country, the area intended to be sown is the smallest since 1914.

There has been a general movement in Europe in the past two years, in the

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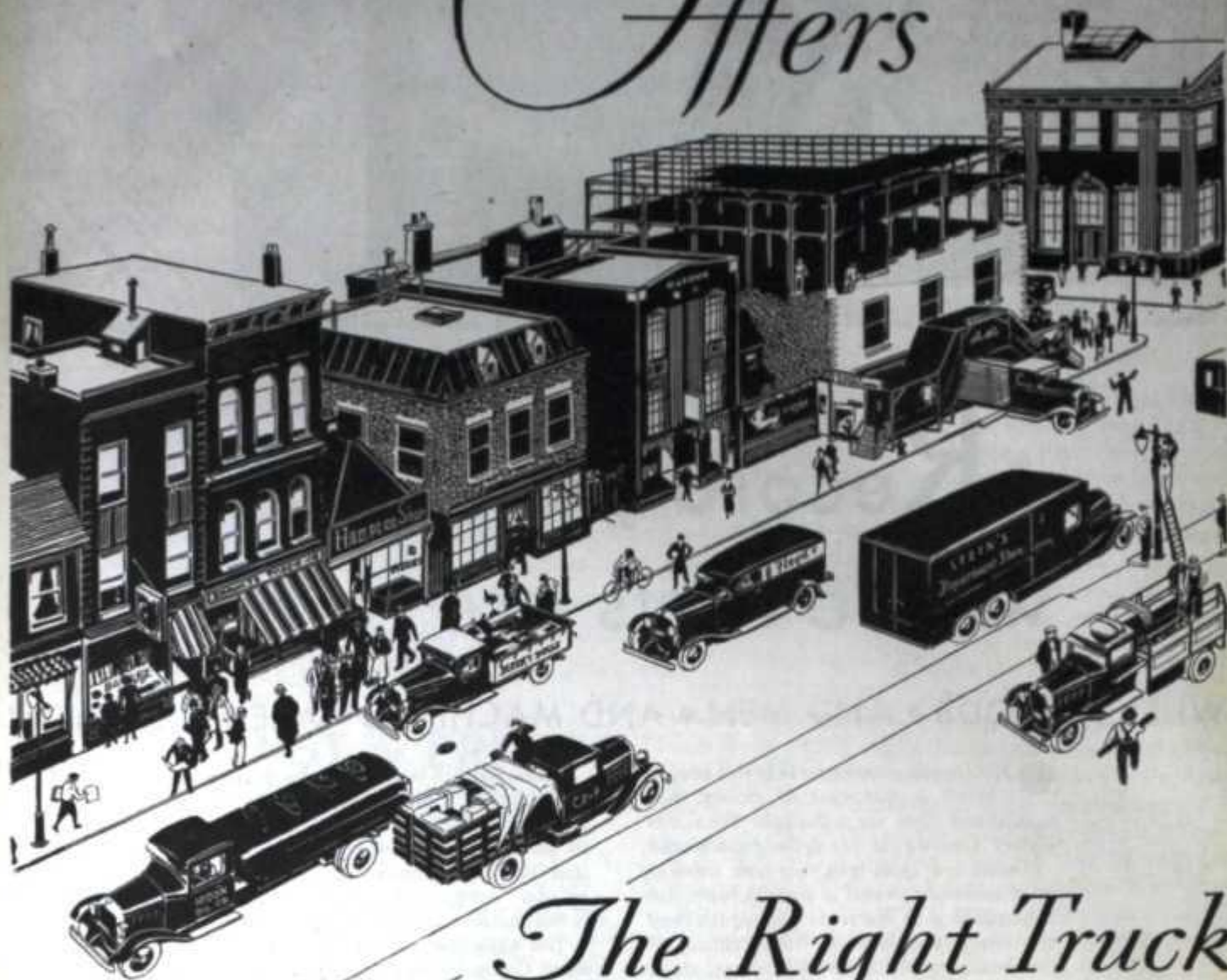
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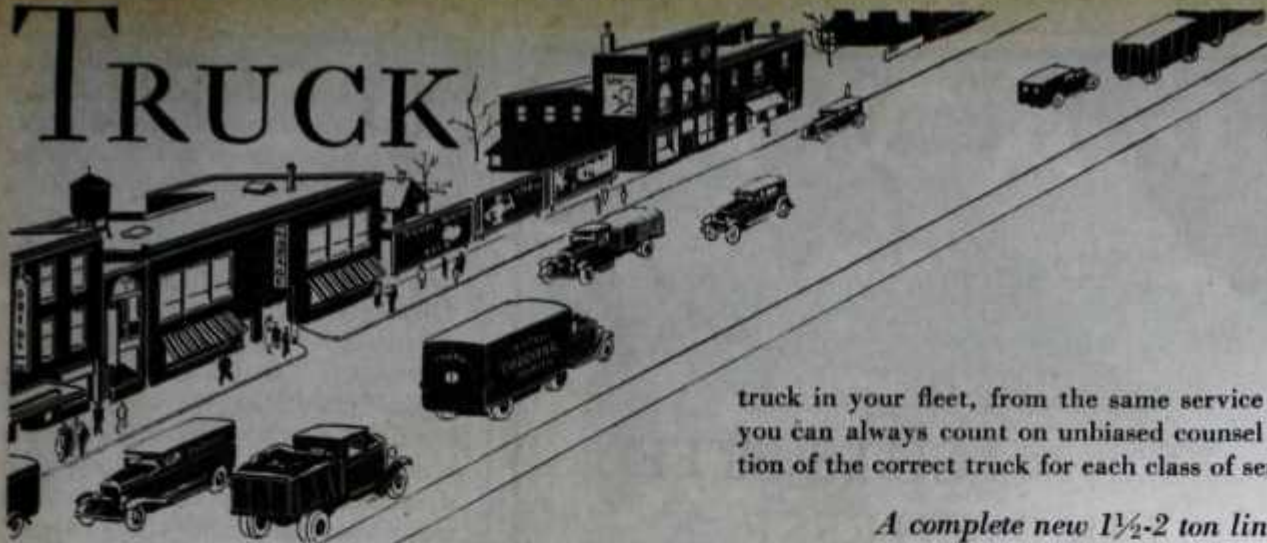
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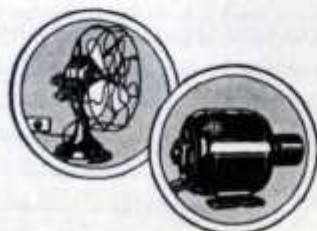
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form of tariffs, milling regulations and bounties to encourage wheat growing, to render that continent approximately independent of outside supplies while also protecting the domestic wheat-growing industry against excessively low prices in exporting countries. France has always had such a system, Italy has sought to render herself less dependent upon outside supplies and Germany now apparently sees a prospect of such independence. It would seem that leading exporting countries, the United States especially, should take the lesson to heart, not put too much reliance upon a permanently big outlet in Europe, and seek a wider market in the Orient.

September 1 returns of August volume were not numerous as this was written and were mainly in keeping with the July and seven-months returns. Bank-clearings and bank-debits decreases for August were identical—24.5 per cent below a year ago. New York stock-market sales fell off 37.6 per cent from last year. Pig-iron production dropped 41 per cent from August 1930 and 54 per cent from 1929. Department-store sales for August fell 12 per cent from 1930 and chain-store and mail-order sales dropped 5.5 per cent from August a year ago.

In the table below will be found some figures of percentages of increase or decrease in various lines of production, consumption or distribution this year as compared with like months a year ago. A similar table for the first five months of the year was printed on page 72 of NATION'S BUSINESS for August.

Trends in Industry

	June	July	7 Months
Automobile production	-25.4	-17.5	-27.4
Building, value	-40.5	-37.0	-23.4
Cement output	-18.0	-18.6	-20.4
Cigarette output	-2.0	-9.8	-1.8
Coal, bit., output	-13.4	-14.1	-16.8
Coal, anth., output	-12.1	-30.3	-8.5
Cotton exports, bales	+37.8	+47.2	+11.5
Cotton consumption	+12.4	+19.0	-3.6
Copper output	-21.6	-21.9	-20.6
Electricity, Kw. h. output	-3.5	-1.2	-3.7
Gasoline consumption	+7.3	+3.1	+1.3
Petroleum consumption	-2.5	+4.9	-3.1
Pig iron output	-44.1	-44.7	-40.2
Rubber consumption	+10.0	+9.2	-7.8
Shoe output	+13.0		
Silk consumption	+43.0	+12.0	+9.3
Steel ingots	-39.2	-36.0	-35.4
Wool consumption	+40.0		

Other measures of movement

Chain store sales	-7	-1.8	-2.8
Mail-order sales	-10.9	-8.7	-11.0
Total above	-2.6	-2.8	-4.1
Dept. store sales	-3.0	-8.0	-8.0
Failures, number	+6.9	+9	+9.5
Failures, liabilities	+80.5	+35.2	+69.2
Bank clearings, U. S.	-20.8	-25.9	-22.9
Clearings, New York	-19.8	-24.4	-25.0
Bank debits, U. S.	-27.8	-25.0	-26.8
Debits, New York	-21.7	-21.3	-20.6
Carloadings	-19.6	-17.6	-18.1
Gross Ry. earnings	-16.9	-17.3	-18.5
Net Ry. earnings	-27.5	-32.6	-36.0
Merchandise exports	-37.9	-31.4	-36.0
Merchandise imports	-29.6	-20.7	-34.5
Stock sales, N. Y. Exch.	-23.3	-29.8	-32.5
Employment, national	-15.5	-13.7	
Payrolls, national	-25.6	-22.1	

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WHAT I'VE BEEN READING

By WILLIAM FEATHER

President, the William Feather Company, Cleveland, Printers and Publishers

IN THE hottest days of a hot summer I read every word of Lincoln Steffens' 873-page autobiography.¹ It made me forget the heat as did no other book that came into my hands. It is a great book.

Steffens, as every one knows, was the foremost of the muckrakers, in the early years of this century. He was a brilliant reporter and writer, serving an apprenticeship of ten years on New York newspapers. Then he became a magazine writer, and began his exposure of the graft and corruption in city government.

His facts were so brutal and shocking that, after a decade of disclosures, the public wished to hear no more. In denouncing Steffens and his imitators, President Roosevelt lifted the word "muckraker" from "Pilgrim's Progress," and it stuck.

But Steffens' mind does not function like that of the usual writer and investigator, and his most important work began after the muckraking stopped. He wanted to know why graft was universal.

He usually went directly to the political bosses, and asked them to explain their methods and machinery. Their frankness and hard-boiled directness astounded him at first. Later he realized that those bosses were intelligent men who knew something that the reformers did not know. They knew that corruption was necessary, and therefore, inevitable.

Steffens perceived that every community had its "bad" men, who manipulated the government in the interests of business, privilege, vice, and crime. He liked these "bad" men, and they usually liked him.

Unlike the moralists and reformers, these "bad" men were honest as crooks. They were realists who knew that the system was an essential part of modern civilization.

¹Autobiography of Lincoln Steffens. Two volumes. Harcourt, Brace and Company. \$7.50.



Business, Steffens says, is becoming our acknowledged government

Steffens early noted that the pattern of the government in every city was the same. Neither a change in charter nor in officeholders could effect permanent reform. Whenever reform proceeded beyond the obvious petty grafts, progress ended abruptly. Even the good people turned on the reformers.

The good people, it appears, want special privileges more than they want clean government. Therefore, as long as privileges are the prizes, the shrewdest members of every community will seek the prizes and they will corrupt the government in order to get and retain them.

Seeking deeper for the cause of corruption, Steffens learned that the big business leaders—the presidents and attorneys of the railroads and other utilities, for example—usually despised corruption as thoroughly as any one, but pleaded that they had to "own" the government in order to carry on their business. At first Steffens thought that the cure lay in government ownership of monopolies, but more recently he seems to have veered to another idea.

His study of Russia has developed the notion that economics is a stronger

force than politics. The Russians are attempting to set up a purely industrial government. The state intends to concern itself solely with helping the people make a living with the minimum effort, but under the strictest discipline. The rest of the time they are free to do as they please. Economics and politics are merged.

In the American civilization, we cling to the theory that economics and politics are separate, but in practice we identify them. More and more, business here is becoming the acknowledged government. The state exists to serve business. The election of Hoover, in the opinion of Steffens, is proof of this. The people like the frank way in which Hoover calls open conferences of business leaders, with no attempt to conceal the mutual interest.

The Russians are using one method to reach a goal; we are using another. Both nations are compelled by economic forces. The Russians destroyed outmoded political set-ups with a single blow; we will remove our political scaffolding stick by stick.

SUCH is the major thesis of this work. It is presented vividly and forcefully. Steffens holds the reader so closely that he has the illusion of being with him every moment in all of his adventures and meditations. The reader goes with him to the universities of Europe, to Wall Street, to the New York police headquarters, to St. Louis and other cities, and then to San Francisco where the McNamaras were on trial for their lives, and where Steffens brought about a settlement for which he was made "the goat."

Then came the study of national revolution. The reader goes with Steffens to Mexico, to Russia, and to Italy. He visits the White House on innumerable occasions.

He hears Steffens present data to President Wilson that prevent a declaration of war against Mexico. He over-

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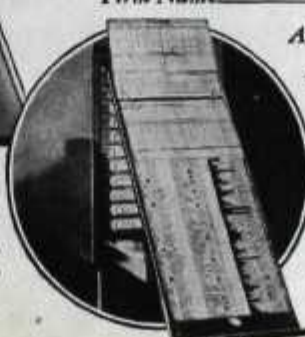
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hears conversations with the successive leaders of the Russian revolution—Kerensky, Lenin and Stalin. Mussolini is encountered in his most contemptuous mood.

He goes with Steffens to the offices of J. P. Morgan, Judge Gary and Edward A. Filene, the Boston merchant. He meets a multitude of writers and artists in Europe and America. The anecdotal material is monumental, and much of it is of priceless historical interest. It supplies a rich background for the student of economics, politics, sociology and psychology.

In my reading I marked many passages for specific mention, but space limitations forbid their narration. I must, however, commend that part of the book which deals with the boyhood of Steffens. Usually this is a dreary epoch in autobiographies which the reader is glad to skim, but in this instance the adventures are told so honestly and beautifully that one regretfully turns to the chapter where Steffens enters college.

Do not resist this story because of its length. Before you finish you will wish it were longer.

♦

"STRATEGY in Handling People"² is a book for the layman who is interested in psychological principles. It tells how to make other people do things your way. Hundreds of anecdotes of famous people are related to illustrate the various principles. There are times for flattery, for tomfoolery, for silence, for cursing, for striking, for sneering, and for bluffing.

I should judge that for all-around purposes the most useful weapon for dealing with people is what is vulgarly known as "bull." If we want people to do things our way, we must flatter them—not crudely, but deftly. Every one is vain. Every one wants to be reassured on certain weak points. To discover these weak points and then to spread the salve is the way to win friends.

Most people are repelled rather than won by obvious flattery. George Bernard Shaw probably would not care to be told that he was a great playwright. He knows it and admits it. Perhaps he is not so cocksure about the good sense of vegetarianism. If that should be the fact, then he would likely be attracted

to a visitor who commended him for practicing vegetarianism. He would eagerly expound his creed.

Let others talk, let them share the limelight; let them know that they are important, let them think that they are having their own way. Protect and cultivate their ego. They love it; in fact, we all love it. Everybody who met President Roosevelt came under his spell. Roosevelt was genuinely interested in people, and he diligently practised the art of making others aware of his interest. It is the secret of most great leaders. They win followers not by fear, but by affection.

The authors have followed an excellent technique in writing this book. Each chapter is composed of anecdotal material, followed by a brief statement in principles.

♦

PROF. Carl T. Taeusch, of the graduate school of business administration, Harvard University, does an excellent job in his 600-page book entitled "Policy and Ethics in Business."³

In approximately the middle of the book Professor Taeusch discusses "service" and "profit." He thinks that business men would be able to think straighter if they would stop apologizing for seeking a profit and would begin hailing profit as the object of business.

The professor likes the ring of the blunt "Business is business." He doesn't approve of the endeavor of the uplifters to put business on a plane with the professions of law and medicine. Business can never completely identify itself with the professions. A professional man must think of service first, and pay second. Business must think of pay first, and service second.

A clothing merchant or a baker who gives his goods to the poor is performing a service, but that is not business. Business serves just as truly as do the professions, but to perpetuate itself business must think of profit, first, last, and always.

A business is justified in eliminating services which are unprofitable, but a doctor or lawyer who upholds the ideals of his profession must minister to the immediate needs of his patient or client without haggling about a fee or an unpaid bill.

"The business man who loses sight of the profit objective," says the author, "is like the jackdaw, in Aesop's Fables, that painted himself white and tried to associate with the doves: the doves soon found him out, and when he returned to the jackdaws, they would have none of him either."

Profit is paramount in business, but in recent years some business men have grown either so fat or so soft that they have affected a disdain of profit. Perhaps the depression will cure them, and business will return to reality.

E. W. Howe says in a recent issue of his *Monthly*:

"There are thousands of American institutions still paying a profit, but slowly going to pieces. I know a business which could now be sold for a large sum, but it is being slowly wrecked for the owner's heirs: too many pensions, too many vacations, too much welfare work, too many methods that will not stand the test of time; too much of the glorious but false American Spirit that has developed in the past 20 or 30 years."

Everybody knows the frequent tragedy of the second generation in business. Profits have been gained with such persistent regularity for so many years that the heirs regard them as inevitable. They begin meddling. At first their schemes attract attention. The youthful owners are hailed as prophets of a new day in business. This goes on for a few years, and the owners become bolder. Eventually the word is whispered that all is not well. A dividend is passed, and then creditors press their claims. Finally everybody learns that a splendid business has been wrecked. Workmen lose their jobs. Stockholders lose their money.

Business is a splendid career, and it offers infinite opportunities to serve mankind usefully. No one needs to be ashamed of being in business, or of making a profit out of business. The shame accrues to those who fail to make a profit, because when business is unprofitable it ceases to serve.

Among other subjects discussed in the book are mergers, trade associations, full-line forcing, price maintenance and discrimination, trade piracy, commercial bribery, contract cancellations, price-cutting, misrepresentation in advertising, and limitation of production.

♦

BERT MCCORRISON lived out the last 50 years of his life in Searsmont, Maine, on his father's farm. Most of the other farms in the district were abandoned. In 1918, Ben Ames Williams, the noted writer, drove for the first time into the barnyard of the McCorrison farm. A friendship began which lasted until the death of McCorrison in May, 1931.

A correspondence between the two men spans the last ten years, and now the letters of McCorrison have been

²"Strategy in Handling People" by Ewing T. Webb and John J. B. Morgan. Boulton, Pierce and Company, Chicago. \$3.

³"Policy and Ethics in Business" by Carl T. Taeusch. McGraw-Hill Book Company, New York. \$5.



A JOLLY REMINDER Just keep this memorandum in picture before you. It is pictorial proof that you can dramatize your sales appeal in rotogravure. Holiday spirit, good health, warm clothes—you can't mistake the story this jolly Christmas shopper tells you. Nor can people mistake YOUR sales story told them by picture in rotogravure. Get your goods into the packages in their arms

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UTILITY

Utility is a strong sales appeal, whether for a cigarette and cigar box or for a piece of equipment for home, office, or factory. You can picture utility, design, and texture as this page shows. You can picture, too, luxury, simplicity, charm, mass production, thrift, softness, strength. We'll venture there is no sales point of your product that can not be dramatized, can not be strengthened and told more completely, by picture. By picture reproduced by rotogravure.

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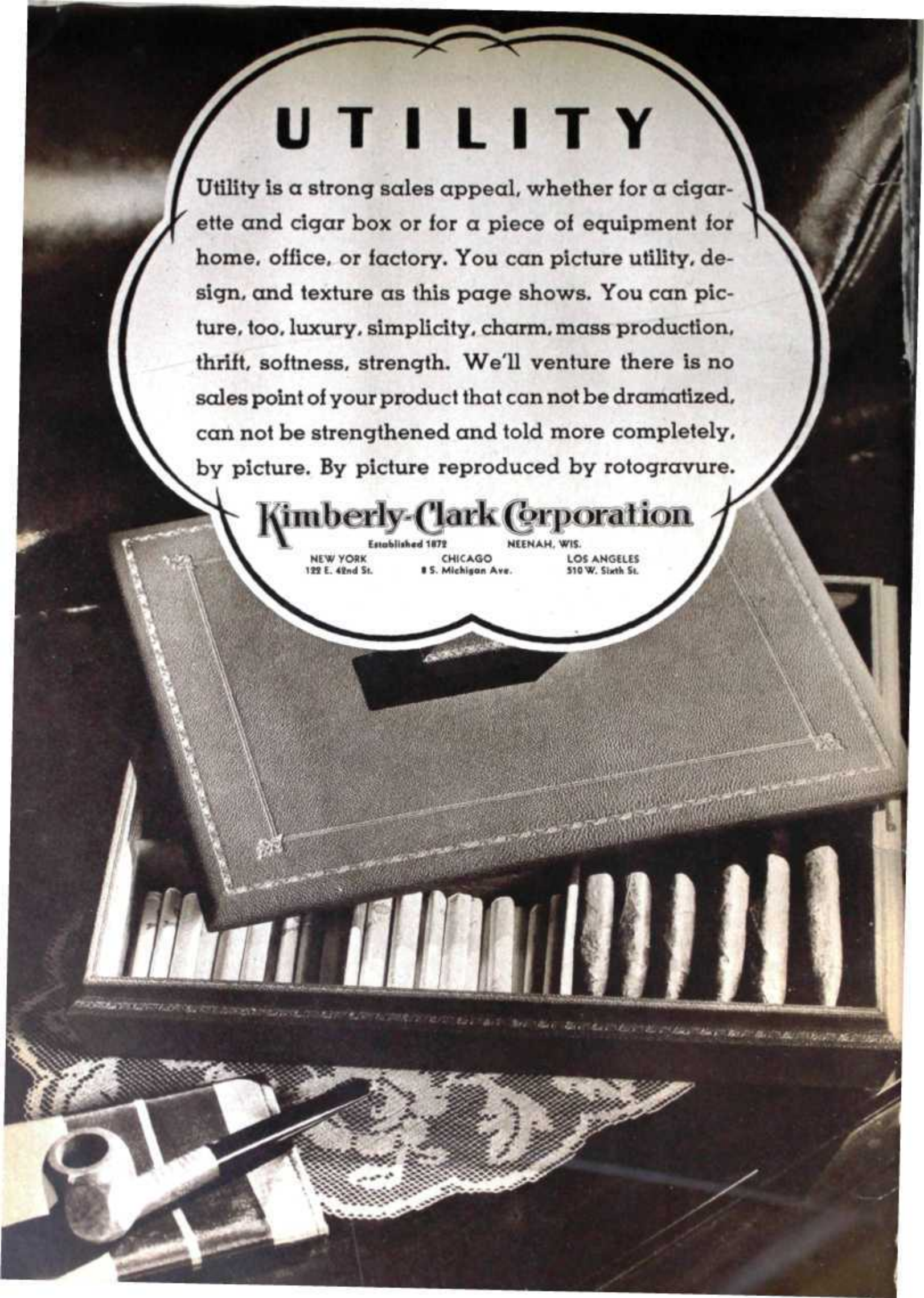
Established 1872

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LOS ANGELES
510 W. Sixth St.



edited and published by Williams. Rarely is a richer document available. Here in 250 pages is presented a day-to-day record of life on an out-of-the-way New England one-man farm, operated by an owner who enjoys to the utmost what is at hand.

He smokes his pipe, makes companions of his dogs, hunts birds and animals, fishes in the brook, meditates on the hills, cuts his wood, milks his cow, plows his field, attends town meetings, and philosophizes on the rising taxes.

He buys a radio for \$42 in 1926 and he and his wife "listened to music such as we never dreamed of."

He sends 13 barrels of apples to Boston. They sold for \$2 a barrel, 55c more than it cost to get them there. He says:

"I gathered them (all hand-picked) headed them up, and handled them with care all winter, packed them carefully, all No. 1 in size, was three days packing 13 bbls., and got 55c per bbl. for my labor. That left nothing for the apples."

Then he continues:

"I don't care a d— about what I got for apples—but I spent a week gathering them, of the best woodcock hunting weather possible, and when I knew the land was full of birds."

In 1930 he mentions that his name appears on the delinquent tax list of the town report, but not through lack of funds, but because he forgot it.

"My tax for 1928 and '29 combined was \$158.74 on a valuation of \$1500," he writes. "In 1918 it was 27 odd dollars. I then had several cows, horse, and a poll tax of \$3. I've paid the tax on Hard-scrabble every year since 1877. The tax now is nearly five times as much as in '77. Life on the farm was much easier then; and I believe people much happier then than now. Those were the good-old-days of plug hats, and whiskers. I could tie my mustache in a square knot under my chin, and often did so, when riding in the wind, to keep the darn thing out of my eyes."

In selecting items which deal with radios, taxes, and the price of apples, I am somewhat unfair, because such grossly material things are the subject matters of few of the letters. McCorrison more often comments on the behavior of his hunting dogs, how to plant trout fry, and how to catch trout and pickerel. The letters reveal a beautiful character who has adjusted himself to life as he found it. It is fine to know this modern Thoreau.

Letters from Fraternity by A. L. McCorrison. E. P. Dutton & Co., Inc., New York. \$3.



STANDARD

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Selected by STANDARD OIL of NEW JERSEY

The design and construction of a Research Laboratory Building at the Bayway Refinery of the Standard Oil Company of New Jersey is one of a great variety of our current projects. These include office buildings, industrial steam stations, factories, laboratories, pipe-line work, hydro-electric and steam developments as well as reports and appraisals. Coal, oil, copper, utility, and manufacturing concerns of wide diversity are included in the list.

This broad experience is available to you for report and appraisal work and any problem of design and construction.

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BUSINESS LEADERS of AMERICA

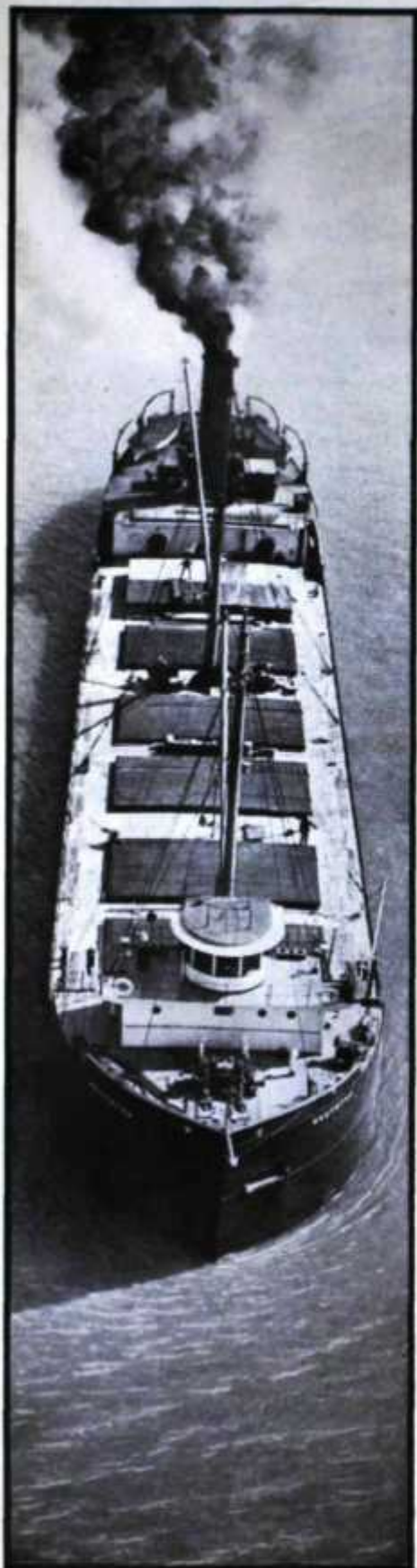
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OSWEGO'S SHIP comes in



IT'S a freighter and it is carrying grain. There's another going out; it is carrying coal. Today the City of Oswego, N. Y. is on the threshold of becoming one of the most important ports on the Great Lakes.

With the completion of the new \$128,000,000 Welland Canal, built by Canada to connect Lake Erie and Lake Ontario, Oswego is now the most eastern port of call for the largest freighters plying the Great Lakes. It is justly termed Nature's Gateway to 40,000,000 people.

To the shipper of grain and grain products there is a 1.5-cent per hundred pounds differential on ex-lake rail rates east of Buffalo. Both anthracite and bituminous coal are now being shipped through the port of Oswego to Canadian points, the upper lakes and to ports east of Oswego at most advantageous and economical rates.

In the new Diesel engined motorships, package freight can be shipped from the upper lake ports through the Welland Canal to Oswego, and thence to New York City via the New York State Barge Canal of which Oswego is the northern terminus. This adds over 160 miles to the long water haul of a fully loaded motorship before its 2,000 ton load must be lightened for transport through the Barge Canal. From Oswego the greater part of the trip to Albany is through navigable rivers and lakes, making for greater efficiency and speed than is possible on the Barge Canal west of Oswego.

The City of Oswego is ready. The Federal Government is spending \$3,585,000 on Oswego harbor developments. New York State has spent \$18,000,000 in the development of this port. Industrial expansion

is in full swing. New tracks are being laid by the three railroads entering Oswego. New freight terminals are planned and one leading industrialist has spent over \$20,000,000 in the past seven years in commercial enterprises; surely an evidence of faith in the future of this community.

Finally, and of considerable importance, Oswego has adequate commercial banking facilities, equal to any possible needs of expanding industry. This bank is a member of the Marine Midland Group of Banks, whose eighteen banks in New York State have resources of over \$600,000,000.

Write us for the new booklet, "Nature's Gateway to 40,000,000 People" published by the Oswego Chamber of Commerce. It is a book of facts bound to be of value to those interested in this new route from the Great Lakes to the Sea.

FIRST *and* SECOND *National* BANK AND TRUST COMPANY OF OSWEGO



Member of the Marine Midland Group of Banks

When writing to FIRST AND SECOND NATIONAL BANK AND TRUST COMPANY OF OSWEGO please mention *Nation's Business*

On the Business Bookshelf

THE MERCHANTS Adventurers of England were called the "most famous company of merchants in Christendom" at the beginning of the seventeenth century. Governments and politicians, both English and foreign, took an interest in their affairs.

The company was accused of monopoly in the export of cloth from England. Actually the members of the company traded individually under rules made by the association. It held no more of a monopoly than the guilds of the day did.

"A Treatise of Commerce" is significant because it is one of the first pieces of commercial propaganda. It apparently was effective in obtaining public good will and better treatment at the hands of the politically powerful.

The present edition, celebrating the centennial of New York University, has an introduction of some 110 pages, a facsimile of the original edition of "A Treatise of Commerce," and an edited and modernized text of Wheeler's treatise. The book will be very helpful to those interested in early large-scale merchandising and foreign trade.

SOVIET Russia and America, though unlike in almost all respects, have one common denominator, says Robert Sibley in "America's Answer to the Russian Challenge." That common denominator is electric power.

With this common denominator, Mr. Sibley compares Russia and America and concludes that America has nothing to fear from Russian industrial competition.

"WALL Street and Lombard Street" is a review of the Wall Street crash and the year 1930 written by a prominent London financial writer who was in America at the time of the market fall.

Special chapters are devoted to October, November and December, 1929.

¹A Treatise of Commerce, by John Wheeler. Edited by George Burton Hotchkiss. The New York University Press, New York, \$6.

²America's Answer to the Russian Challenge, by Robert Sibley. The Farrall Press, San Francisco, Calif., \$5.

³Wall Street and Lombard Street, by Francis W. Hirst. The Macmillan Company, New York, \$2.

Another chapter is given over to a review of the market twelve months after the crash.

The book is an interesting résumé of that period of financial history as well as an explanation of some of the relations of the New York and London money markets.

Recent Books Received

The Economics of American Business, by Paul Fleming Gemmill. Harper & Brothers Publishers, New York, \$4.

Preventive Management, edited by Henry B. Elkind. B. C. Forbes Publishing Company, New York, \$3.

Cost of Government in the United States, 1928-1929. National Industrial Conference Board, Inc., New York, \$3.

Interstate Transmission of Electric Power, by Hugh Langden Elsbree. Harvard University Press, Cambridge, Mass., \$2.50.

Quantity and Economy in Manufacture, by Fairfield E. Raymond. McGraw-Hill Book Company, Inc., New York, \$4.

Self-Management in Selling, by David R. Osborne. Harper & Brothers Publishers, New York, \$3.50.

The Community and Social Welfare, by Cecil Clare North. McGraw-Hill Book Company, New York, \$3.50.

French-English and English-French Dictionary of Commercial & Financial Terms, Phrases & Practices, by J. O. Kettridge. E. P. Dutton & Company, New York, \$7.50.

National Regulation of Aeronautics, by Charles C. Rohlfing. University of Pennsylvania Press, Philadelphia, \$3.

Courtesy in Business, by Herbert N. Casson. The Efficiency Magazine, Kent House, 87 Regent St., London W.1., 5/-.

Code of Arbitration: Practice and Procedure of the American Arbitration Tribunal. Published by Commerce Clearing House, Inc., The Corporation Trust Company, Chicago.

Gold, Credit & Employment, by G. D. H. Cole. The Macmillan Company, New York, \$1.75.

Credit and Its Uses, by William A. Prendergast and William H. Steiner. D. Appleton and Company, New York, \$4.

Money, Credit and Prices, by J. Laurence Laughlin. Two volumes. The University of Chicago Press, Chicago, Two volumes, \$10.

Formal Corporate Practice: Working Methods and Systems, by William H. Crow. Burrell-Snow, Inc., New York, \$17.

Economic Problems of Modern Life, by S. Howard Patterson and Karl W. H. Scholz. Second edition. McGraw-Hill Book Company, Inc., New York, \$3.75.



Send for Your Copy!

"The Ideal Distribution System"
—says Pepsodent

MANUFACTURERS worried about sales quotas and distribution costs should take a tip from Pepsodent . . . and consider the use of AWA merchandise warehouses for the spot-stock distribution of their merchandise, through warehouses located in every distribution center of importance. Says L. W. Bauer, Traffic Manager of the Pepsodent Company:

"The public warehouse is a most important factor in the national distribution of our products. This company was quick to recognize the possibilities, and has been a user of public warehouses since the earliest development of its business. We do not know of a better medium for any large shipper or national distributor. It permits the spotting of stock at the most strategic centers. The service is flexible and can be adjusted to suit the most exacting requirements. In fact, it is the ideal instrument with which to set up a thorough and practical distribution system upon a most economical basis."

AWA Warehouses furnish all necessary facilities and services required for the strategic spot-stock distribution of raw materials, manufactured articles and service parts of every kind. You can use as many warehouses as your business requires . . . in two cities, in twenty cities, or in a hundred cities!

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Full details of the AWA Plan of Distribution are described in our 32-page booklet: "Increasing Your Sales Through the Use of AWA Warehouses." Have your secretary write today for your copy.



**AMERICAN
WAREHOUSEMEN'S
ASSOCIATION**

1931 Adams-Franklin Bldg., Chicago, Ill.

When writing please mention Nation's Business

Every
light rhythmic
tap on the typewriter relays
a jolt to the chair / / / / /

Your secretary has been taught to operate her typewriter with light rhythmic touch, to treat it veritably, "with kid gloves." Swiftly and lightly her trained fingers glide over the keyboard. Three, four thousand words a day make little impression on her machine.

But her chair feels it. With each light rhythmic tap on her typewriter a jolt—transmitted by tense, taut nerves, is relayed to her chair—carried with a weight of, let us say, 110 pounds.

It takes a strong chair, an Alcoa Aluminum Chair, to give really good service under these conditions. These Chairs are made of the same strong alloys of Alcoa Aluminum that are used in truck bodies and structural shapes. Welded into one piece, they have no dowels or glued joints to work loose. And yet, they are feather-light, move at the slightest touch, and are built for comfort. Finally, and most important to typists, they are splinterless, they do not cause runs in silk stockings.

Alcoa Aluminum Chairs come in a number of styles; in 3 natural aluminum finishes or any other colors; in any upholstery. There are styles for every office use, for homes, hotels, offices, restaurants, hospitals. For literature on the type of chair which interests you, please address ALUMINUM COMPANY of AMERICA; 2425 Oliver Building, PITTSBURGH, PENNSYLVANIA.



CHAIRS OF
ALCOA ALUMINUM

When writing to ALUMINUM COMPANY of AMERICA please mention Nation's Business



The Telephone's New Aid to Business

By LLOYD B. WILSON

President, The Chesapeake and Potomac Telephone Companies



No longer, with the telephone secretary, need business men worry over missing telephone calls while absent from their offices

DURING recent years there have been many developments in telephone service which have greatly increased the telephone's value to the user. One of these developments, which has been making quiet headway in several of the larger cities, has proven especially valuable to business and professional men. Under the new arrangement such men need no longer remain chained to their offices for fear of missing telephone calls. Apartment dwellers, too, find it useful.

With this service they can go out with perfect assurance that they will miss no important calls or messages.

These desirable ends are being achieved through what is called secretarial telephone service, a service which our company is now supplying to tenants in six office and 15 apartment buildings in Washington. The service was inaugurated in this city in 1928, the National Press Building being the first to take advantage of the plan.

The tenant subscribes for telephone service directly from the company in the usual way. The management of the building subscribes for the secretarial equipment and provides the secretary. This secretary is a specially trained operator, who from the "secretarial board" handles calls for the absent tenant according to whatever instructions he may have left her.

The service is simple in operation. It consists essentially of the secretarial board, which in appearance resembles the ordinary private branch exchange switchboard. Two lines connect each telephone in the building with the board. A third line connects the telephone with

the central office in the ordinary way.

On the tenant's telephone is a switching key, which, when in the normal position, connects the telephone to the central office just as though no secretarial board were associated with it. When the tenant desires to leave his office or apartment, the key is moved to a second position, connecting the telephone with one of the lines to the secretarial board.

How the system works

AN INCOMING call will then both ring the telephone and flash a signal to the operator of the secretarial board. The secretary answers or the tenant, in case he has returned and neglected to notify the secretary of the fact, can restore the key to its normal position and take the call.

When the key is in second position the tenant can talk with the secretarial operator and inform her as to what he desires done about calls in his absence. Also the secretarial operator may call the tenant and tell him of messages received in his absence or may announce guests.

Most of the larger apartment houses built in Washington since introduction of the secretarial service have subscribed to the service. One of these which ultimately will have 1,500 apartments in its group, finds this service particularly adaptable to its needs. A secretarial board serves the three units of this group now in operation, but a larger board will be installed to take care of the future development, which, it is estimated, will necessitate the installation of about 2,000 telephones.

Two services rendered by a secretary who serves one of the large downtown office buildings in Washington illustrate the value of the system.

One of the tenants of this building is the local representative of a large cement company. During this representative's absence from his office, the secretarial operator has frequently relayed incoming orders for cement to the New York headquarters of the company.

Another tenant of the building is an architect who recently vacationed in Havana. He called the secretarial operator nightly for an account of messages she had taken for him during the day, and dictated answers which next day she telephoned to his callers of the previous day.

Such illustrations as these are of almost daily occurrence for those who subscribe to secretarial telephone service.

This service gives telephone users a follow-up system that otherwise would be impossible for them to have. Users of secretarial telephone service do not hesitate to praise its efficiency.

CENTRAL'S NEW HOME



Testifying to Conservative, Progressive Management

This impressive, new structure which now houses the activities of Central Mutual and its affiliated companies, is striking testimony of a constant growth, firmly founded on conservative operating policies. It is convincing proof that rigid selection of preferred risks only, is no bar to steady progress. Just as we are proud of our new home, so are we equally proud of the fact that since 1921 we have paid a 30% dividend to our policy holders. We will welcome the opportunity to show visitors through our new home.



Open since 1876
The CENTRAL
 MANUFACTURERS MUTUAL INSURANCE COMPANY
 C. A. L. PURMORT, President Home Office: VAN WERT, OHIO
A Friendly Company

FIRE, AUTOMOBILE AND TORNADO INSURANCE FOR SELECT RISKS

"Business would be good if . . .

it were not for my competitors."



AND probably your competitors are saying the same thing about you. Meanwhile your private war goes merrily on, and all of you are fearful of "red ink."

The organization of a trade association in your industry might help—now is a splendid time to start it.

No law-evading schemes—just common sense application of the cooperative principle to your problems, backed by long experience and integrity.

Interviews in strict confidence—no obligation on the part of the inquirer.

Box 303, Nation's Business, Washington, D. C.

The "Chained" Money of Russia

(Continued from page 40)

It means that the accumulation of land and other property has been stopped by putting the efficient farmer to death or sending him to a convict lumber camp.

When the Government gave the estates of the former nobles to those who had been serfs on them, it said in effect:

"Out of your crop you may take enough to sustain yourself and your family. For your land you shall be taxed a rather large per cent of your crop. For the rent of the equipment of your land a further crop tax will be levied. For marketing your crops through the cooperatives, another part of your total crop will be collected. The remainder may be considered as your wages, if any remains."

What would our farmers think if the Federal Government tried that?


I do have some admiration for the imagination of the economists who worked out the whole scheme of the Five Year Plan. The financial methods are particularly impressive, especially when viewed from the classic shades of some academic retreat. Close up, the system seems not so perfect. But so it is with most everything about Russia.

Small purchasing power

TO ANYONE who looks on the Russian scene as another noble experiment, lofty in purpose and romantic in conception, I suggest that he test out his theories by seeing what he can buy with the imperfect currency of the country. Surely it is a good test of the value of the money of a country to measure it by what it will purchase. Let the idealist who admires Russia academically try to get his shoes half-soled. Let him try to exchange his rubles for good soap, or shoes, or sporting equipment, or a suit of clothes, or cloth of any sort, or a card of buttons, or any other of thousands of articles which we have come to take for granted as everyday necessities. That would indeed be trying.

Then he will appreciate American money, both for what it stands for and for what stands back of it. And finally, he will have a new respect for the purchasing power of Uncle Sam's good dollars.

(This is the concluding article of a series by Colonel Starr.)



Masonite will keep your home warm this winter

Outdoors, it will be cold this winter—of that you may be sure. But the temperature indoors will depend on whether or not you protect your home with Masonite Structural Insulation.

Masonite does its job well. Keeps heat where it belongs: inside in winter, outside in summer. It's a structural material, too: replaces other materials; converts waste attic and basement space into cheerful, useful rooms.

Build Masonite into walls as sheathing, into roofs and ceilings as insulation, into floors as

insulation and sound deadener. That's the practical thing to do—in new building or remodeling. Cuts fuel bills a third or more. Assures continuing value for your property. Enhances the comfort and healthfulness of your home.

For a perfect, crack-resistive plaster base, use Masonite Insulating Lath.

We'll gladly send you the free Masonite booklet, telling the story of its manufacture. Or ask your architect, contractor or lumber dealer for information.

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"Make it out of Preswood"
—endless uses for this grainless board

Trunks, toys, furniture, truck bodies, incubators, and many, many other articles are better and more economically made with Preswood. Cuts time and cost in production. Easy to work with—doesn't crack, chip, split, splinter or warp. Home mechanics praise it, too. Check the coupon and send for free Preswood booklet.

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It costs



Johns-Manville
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ON WASTE

"Newest member of 'Who's Who'"

Empire State—Chrysler—Stevens Hotel—Cleveland Terminal—now the new Waldorf Astoria Hotel in New York City—these are but a few of the really great buildings using Johns-Manville Insulating Materials on their ultra-modern heating systems. The hundreds of thousands of feet of J-M Insulation applied to their steam and hot water lines are convincing testimony of the excellence of these materials and do credit to the skill of the engineers and architects responsible for the difficult task of heating these monuments of modern architecture. Whether for a 50-story skyscraper or a 2-story dwelling, J-M materials insure maximum insulating efficiency.



"Hotter bath—net annual savings \$1,749"

One source of great heat loss on a large electric galvanizing furnace at the Delta Star Electric Company, came from the free surface of molten zinc during the night and week-end hold-over periods. Through the use of J-M materials most of this loss was eliminated. Alone the insulating cover placed over the hot zinc bath each night effected net annual savings of \$1,749, and resulted in a quicker, hotter bath each morning.



"The Waldorf Astoria 'II,' New York City—a modern revival of one of the world's most celebrated hotels. Hundreds of thousands of feet of Johns-Manville Insulation protect the steam and hot water lines."

"Electric galvanizing furnaces at the Delta Star Electric Company, Chicago, Illinois. Johns-Manville Insulating Covers represent a yearly return of 467% on the investment—an annual savings of \$1,749.00."

When writing to JOHNS-MANVILLE

\$1,475 a year to boil this pot of coffee!

Industry's bare steam pipes alone are wasting
millions of dollars annually through heat losses,
90% of which Johns-Manville can save

Noon . . . time to eat. Old Tom, one of the plant foremen, was already there at his favorite spot, lunch box on his knee, coffee pot singing merrily away! An everyday event. Lucky for Old Tom—having these sections of bare steam pipe, with conveniently located joint, to provide his daily hot drink.

Lucky for Old Tom—very "unlucky" for the company. Because it costs just exactly \$1,475.00 a year—in heat losses—to boil this pot of coffee!

The mere incident of this workman's coffee pot may represent, in disguise, a most dangerous item on your operating statement. And it well symbolizes the aggregate millions of dollars that otherwise efficiently managed plants today are wasting through the loss of

heat—more specifically through the lack of insulation or the lack of proper insulation.

One foot of 6-inch bare pipe *alone* will lose 2 lbs. of steam per hour, or 14,400 lbs. of steam per year. Just *one foot*! Imagine the steam lost—the money lost—in an *entire plant per year*—any plant—perhaps *your* plant. And 90% of this loss Johns-Manville can save.

With more than 70 years' insulation experience to draw upon, Johns-Manville Insulation Engineers can calculate just how much heat is being wasted as a result of bare surfaces or poorly insulated surfaces and advise you how this waste may be prevented. Their advice will cost you nothing, may save you many tons of fuel. Address Johns-Manville, 292 Madison Ave., New York City.

"This finger of light saves Industry over \$250,000,000 annually"



A busy room. Dozens of steel pipes—insulated . . . small pipes . . . large pipes . . . medium-sized pipes . . . A cobwebbed maze of electric wires—connecting various points on every pipe. Outside a man sits at a switchboard. "Test pipe 32-point D." Adjustments made, he touches a delicate switch. On the control board appears a tiny finger of light. It wavers . . . swings right. Then left. Then stops! The J-M Laboratory at Manville, N. J. has determined—to the fraction of a degree—the efficiency of a particular insulation at a particular temperature.

Johns-Manville is constantly testing all types of insulating material under every varying condition. As a result of these extremely accurate and scientific tests, Industry is being saved, in the conservation of heat or cold, over \$250,000,000 a year.

Johns-Manville

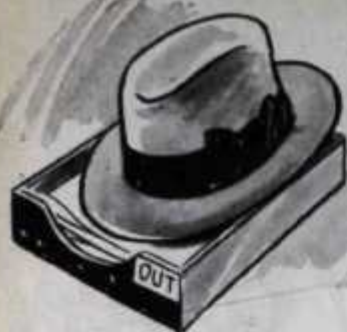


Controls

HEAT, COLD, SOUND

Protects against

FIRE AND WEATHER



Salesmen Who Can't Sell Goods to Me

By FRANK J. TAYLOR

ILLUSTRATIONS BY CHARLES DUNN

- OUR salesmen are a mighty power but they are not as powerful as they could be. The reasons are many. Here a purchasing agent enumerates several of them—all of them little things and yet they are big enough to kill important sales

WALTER KING seated himself at the end of the conference table, placed a letter tray at his right, just as if the table were his desk in the purchasing agent's office of the Wells Fargo Bank, and faced the score or more salesmen gathered around him.

"Who's got a hat?" he asked.

The red-headed salesman produced a hat.

"All right," said Mr. King, "pretend you are calling on me at the bank for an order."

The red-headed salesman approached the table with brisk ceremony. Before he could speak, Mr. King asked:

"What do you do with your hat?"

The salesman hesitated a second, then tossed the hat in the letter tray. A roar of laughter went up from the other salesmen, each of whom recognized the action as his own.

The wrong place for a hat

"IT IS a funny thing," began Mr. King, "but nine out of ten salesmen who call on me throw their hats in my letter tray. The letter tray is the busiest spot on my desk. I don't like to have a hat in it. It annoys me. If a clerk comes in to get my papers, or to put some letters in the tray, he has to lift the hat and fumble it, and that distracts my attention from what the salesman is saying."

"Where would you put your hat?" asked a salesman.

"Any place but in the tray. There is plenty of room on my desk, or on the hall tree, or on a cabinet, or a chair, or on the floor. The letter tray is sacred on most desks, but it is almost always the place the salesman chooses for his hat.

It is a little thing, but this common error with salesmen often starts them off wrong with prospective buyers."

Around our town, Walter King, of the Wells Fargo Bank, is known as a purchasing agent who doesn't look upon all salesmen as nightmares. Purchasing agents, with one or two exceptions, ordinarily fall into two groups, the Wolverines and the Turtleshells. The Wolverines whip themselves into bundles of fury when a salesman is announced. The Turtleshells, on the other hand, withdraw into a hard, cold shell. From under this armor they stare with glassy



"I don't like the high-pressure salesman who strides into my office exuding enthusiasm and starts a perfect sales talk"

It may be NEWS to you

... but your great-grandfather
knew all about it!



BENJAMIN FRANKLIN
Founded Mutual Insurance
in 1753

LET'S see. It was about the spring of 1840 when your great-grandfather, with his side-burns and gray high hat, was spinning down Oak Street behind his high stepping bay.

Sure he knew all about it. As a matter of fact so did his great-grandfather, for mutual fire insurance was famed and flourishing as far back as the seventeen fifties.

The thing that interested your ancestors about the mutual plan of insurance was that in addition to the sound protection it gave them, they saved quite a lot of money on it, as compared with other forms of insurance.

That the canny quality of economy still lives in the American race, is proved by the fact that today over *thirty-one billion* dollars' worth of property is insured against fire in mutual companies.

A mutual policyholder is more than a customer to his company; he is an integral part of it, sharing in its success through dividends. Millions of property owners, among them hundreds of the most prominent in the country, have adopted the mutual plan of insurance for its sure protection—its substantial reduction of one important overhead item.

Look at your fire insurance policy today. If it is a mutual policy, put it away with confidence and gratitude. If it is not a mutual policy, write for a booklet that will add considerably to your insurance knowledge. Address the Federation of Mutual Fire Insurance Companies, 180 North Michigan Avenue, Chicago, Illinois.

Mutual Savings a Boon to Office Buildings

The successful management of an office building property demands seasoned business judgment and ability. Keeping overhead down is a primary consideration.

Mutual fire insurance with its sharp reduction of one important item of overhead has appealed strongly to office building managers.

The Rockefeller Building, for years a landmark in Cleveland, Ohio, is a mutual fire risk.



MUTUAL FIRE INSURANCE

An American Institution

Nation-wide Representation and Service

When writing to FEDERATION OF MUTUAL FIRE INSURANCE COMPANIES please mention *Nation's Business*

eyes that evince about as much interest in the salesman's remarks as the wall-eyed cod in the Steinhart Aquarium.

Walter King, on the other hand, makes friends with salesmen. He is much in demand at sales meetings. Employers call up the bank every few days to see if they cannot borrow him for an hour or so to tell the sales force how to walk into offices and ask for orders.

"What's the next thing you do, after you dispose of your hat?" asked Mr. King, at one of these powwows.

"Get the order," suggested one of the salesmen.

"No, first you have to tell me your name and the business you represent. That may seem too elementary to mention, but half of the salesmen who call on me neglect to tell me who they are, whom they represent and what they are selling. They simply assume that I know all that. But I don't. They may have told me at one time or another but I can't remember all of them, nor even what they sell.

"The purchasing agent of a large concern must see a different face every 15 minutes of every day, except on Monday—on Monday it is a new face every ten minutes. Over the week-end, with lots of time to think, many a bright salesman is inspired with the idea that a bank must have lots of money and,

therefore, is a good place to sell something quickly. So they come in droves on Monday morning.

Give name and business

"BUT, getting back to the point, the first thing a salesman should do is state his name and that of his company clearly, and tell what he sells—unless he knows the purchaser by long association. If he can't remember his own name, he should at least tell me what firm he represents, perhaps by asking what his company can do for me today.

"You would be surprised if you could sit in a purchasing agent's chair for a day to learn how few salesmen give a man a fair chance to buy from them. I am reminded of one man who appeared in my door daily and said, 'I don't suppose you have anything for me this morning.' Invariably, I replied, 'No.'

"This fellow used to cock his hat at a different angle every morning apparently trying to change his appearance so that I might mistake him and give him an order. I didn't know what he was selling until finally, out of curiosity, I detailed my secretary to get his name, his business, and to find out what he was selling.

"Then we found that he represented a good firm with an excellent line and we gave him some business."

Because of Mr. King's interest in salesmen's problems, many a man has gone to him and asked for help in polishing up his sales technique. Mr. King takes the salesman apart and puts him together again, trying to point out the tactics that will sell goods and those that won't.

"What do you tell them?" I asked.

"First I tell them what kind of salesmen I don't like," he replied. "Then I tell them the kind I like. I don't mention any names when I describe these salesmen but both kinds call on me. Under the heading of salesmen I don't like, I list the men that business would be better off without.

"First, the high-pressure man, the salesman who strides into your office, exuding enthusiasm and who breaks out with a perfect sales talk designed to work you up to the proper emotional pitch so that you will sign on the dotted line then and there.

"Now this man, and his employers, too, should know that I want facts and not enthusiasm. I like to buy from salesmen I have known for a while. I feel that I can depend on them. The high-pressure man just doesn't fit into modern business. He may be able to sell cook books to housewives but in a business office he doesn't get far.

"Another salesman I can get along without is the snooper. I see him trying to read letters upside down on my desk, or on a stenographer's desk. He tries to see lists not meant for his eyes and is always trying to spy out orders meant for other salesmen. He is always happening in at inopportune times.

No eavesdroppers

"ALONG with the snooper I class the eavesdropper, who is always overhearing conversations, either in my office or in other offices of the institution and then using that information to pry into the affairs of my office. I am willing to answer almost any question a salesman cares to ask me directly, but I close up like a clam when the eavesdropper tries to pry loose a pound of facts with a grain of half-truth overheard at random.

"Another salesman I don't like is the man who reminds me that his president and my chief played golf together Saturday and that the chief virtually placed an order for a thousand pencils. This salesman insinuates that he is calling merely to confirm the deal. I always ask these golf-course salesmen if the



"I can get along without the snooper who tries to read the letters on my desk"

As the Electric Light excels the Kerosene Lamp Preformed Wire Rope excels old-fashioned ordinary wire rope



Wire rope costs deserve serious thought

EVERY year many thousands of dollars are literally chewed up by internal stress in ordinary wire rope. Every year Tru-Lay Preformed Wire Rope is saving many thousands of dollars . . . because in Tru-Lay, internal stress is eliminated.

- Elimination of internal stress in wire rope is the first basic improvement in nearly a century. Service reports covering a wide variety of uses tell the story of 30% to 300% increased service. Whether these reports cover Tru-Lay service on power shovels or building elevators, rotary oil well drilling or hoists, Tru-Lay excels old-fashioned ordinary wire rope as the electric light excels the old-fashioned kerosene lamp.

- In Tru-Lay, internal stress is eliminated by pre-shaping the wires and strands so they lie naturally in position. Prove this by cutting Tru-Lay Preformed Wire Rope and note how the wires and strands lie normally in position.

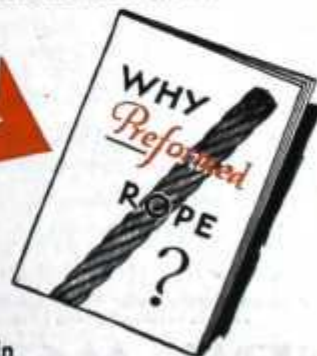
- Then cut ordinary wire rope, and unless you seize the end with a firm wrapping of wire, the strands

and wires straighten out and fly apart like a suddenly released clock spring. The difference is shown in the illustration above.

Send for this complete story

- 30% to 300% increased wire rope service is an important economic factor in these days when every dollar must give an accounting.

- Let us send you, or the man in your organization who is responsible for wire rope cost, a copy of "Why Preformed Wire Rope." Write for it on your business letterhead.



AMERICAN CABLE COMPANY, Inc.
New York Central Bldg., 230 Park Ave.
New York City

An Associate Company of the American Chain Co.
Incorporated



TRU-LAY PREFORMED WIRE ROPE

30% to 300% Increased Service

(Depending upon the character of the service and type of equipment)

When writing to AMERICAN CABLE COMPANY, INC. please mention Nation's Business



The most important equipment in any place of business after closing hours is the system that checks the watchman

DETEX NEW MODEL NEWMAN

The Standard Newman
is now Interchangeable

The New Model Newman offers the great advantage of the old, that is the making of a record that could not be disputed or altered, and offers also the new feature of interchangeability.

The recording mechanism has been improved so that the same security of service is provided, but without the necessity of returning the clock when stations are to be added or new keys made.

This feature not only adds to the continuity of service, but also serves to make the system fully interchangeable within the plant. Clocks in a system can be provided with proper combinations so that all keys of the system will register in all clocks. Stations can be added and routes shifted as desired.

The Detex Newman offers to an even greater degree those qualities of certain recording, proof against tampering, durability and service that have long made it the leader among key registering clocks.

Send for complete information.

DETEX WATCHCLOCK CORPORATION

4153 Ravenswood Avenue, Chicago, Ill.
29 Beach St., Boston 80 Varick St., N. Y.
Room 800, 116 Marietta St., Atlanta

Manufacturing

NEWMAN - ALERT - PATROL
ECO WATCHMAN'S CLOCKS

Approved by the Underwriters' Laboratories, Inc.
and the Factory Mutuals Laboratory

NEW MODEL DETEX

Representatives in all large cities in America and abroad

DETEX WATCHCLOCK CORP.
4153 Ravenswood Ave., Chicago, Ill.
Send me information on the new Model Detex
Newman Watchman's Clock.

Name.....

Address.....

City.....State.....

NR-10

When writing please mention Nation's Business

chief and his president decided on the specific brand of pencils and if they agreed on the price, details which I must have before I make out the purchase order. These little matters have been overlooked, as a rule, and so I suggest that we wait until the chief and his president play golf together again, at which time they can be taken up.

Perpetual reminders

"THEN there is the reminding salesman. He is always reminding me that the bank is running short of supplies. That riles me. It is a reflection upon my ability to handle my job.

"I don't like the salesman whose employer calls on my chief whenever I give an order to a competitor. I call these fellows vice-presidential salesmen, because a vice president from their company invariably calls upon a vice president of the bank whenever they lose an order.

"In a good many instances, this is not the salesman's doings. He probably understands the circumstances, and is merely the victim of his company's policy of having a vice president make a follow-up call, either to bring pressure on me or to make their solicitation more emphatic.

"In my opinion, this is poor sales policy. The vice president's call leaves the impression that the salesman assigned to the account is not capable of handling the business alone. It embarrasses him. It annoys me, because I have to explain to someone in my organization, whose business is not purchasing, why I placed the order as I did.

"The tip peddler is another pest. In some manner, fair or foul, this man gleans some information, often mere hearsay, about business he thinks we could get if we went after it. He comes in, sometimes to me, but more often to an official higher up, and tries to trade his tip for an order.

"I have taken the trouble to follow the trail of some of these tip peddlers and have found that, as a rule, they make the rounds, peddling the same alleged inside information to all of our competitors, as well as to ourselves. The highly confidential tip is general information by the end of the day.

"A salesman who soon comes to grief is the superpromiser. I mean the man who will promise me anything to get an order. Altogether too many of these fellows are long on promises and short on delivery. Either they are unscrupulous or else they are misinformed as to the ability of their houses to perform. It is the same in either case; it means

grief and waste motion for the purchasing agent. No repeat orders for those salesmen.

"There is the salesman who comes in with the perpetual complaint that his business is rotten. Things are always going to the bowwows with him. He begs for an order like a mendicant. There is little incentive to patronize his house.

"I have in mind another man who is always pushing specials, making attractive prices to move them. Every time he comes around, he is enthused over a new line. A purchasing agent likes to identify a salesman with a line of goods. He likes to deal with a man that will deliver the same goods when he reorders. So he grows wary of the special-pusher and his house.

"Finally, I can get along without the salesman who tries to take orders over the telephone to avoid waiting his turn to see me. Ever so often I have a check made to find out how long I keep salesmen waiting on the average. It is seldom longer than 12 minutes. If I am to be busy for half an hour or more, I send word to the salesman, so that he can come back later.

"These are the salesmen that I don't like. The sad part of it is that most of them are fine fellows personally and they represent good houses. But they haven't thought out the art of selling. They are out just wheeling orders."

"Now," I asked, "who are some salesmen you do like?"

Useful ideas and specialists

"I LIKE to do business," replied Mr. King, "with the fellow who informs himself sufficiently about my business and about his own business that he can tell me exactly what he has that I can use without wasting my time or his time.

"I like the man with useful ideas, who can show me how to get more goods or better goods for the same amount of money. He helps me handle my job to the satisfaction of my employers.

"I like to deal with the salesman who specializes in his line and who masters it so thoroughly that I can rely absolutely on what he tells me about it.

"I try to favor any salesman who is absolutely honest about his line and who sees its limitations as well as its virtues. I never have misunderstandings with that man.

"Finally, I like to receive the salesman who acts in my office as gentlemanly as he would if he and his wife were calling upon me and my wife in our home."

Arc welding finds new worlds to conquer

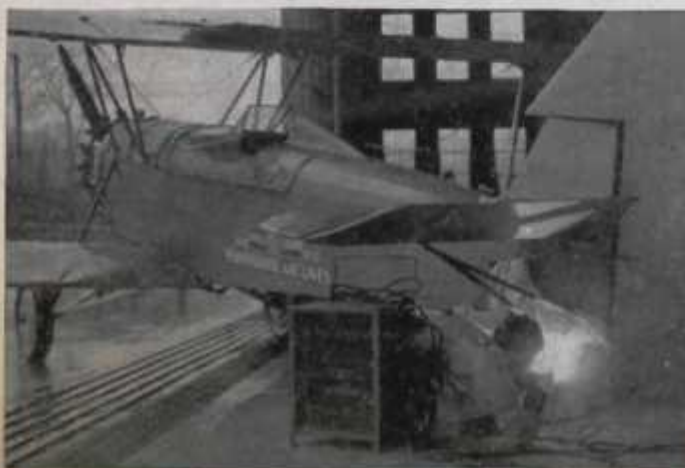
. . . and industry finds new profits

Arc welding's helmeted army is a fighting force today. On a constantly widening front it battles high costs of metal fabrication, wrests higher quality production from reduced manufacturing and maintenance budgets, and simplifies construction problems. Early victories won by Westinghouse equipment in arc welding's pioneer days are

The new FlexArc AC welder extends the convenience and economy of arc welding to the fabrication of thin materials.



Thin gauge metal parts are now economically welded by the new FlexArc AC welder.



Fabricating the frame of a heavy-duty waterwheel generator with a FlexArc DC welder

being multiplied by hundreds and thousands.

A turbine casing, for instance, worn by steam action to a point that would have put it on the junk heap in pre-arc welding days, now has its worn spots reinforced by welded "patches" . . . and thousands of dollars are saved.

A metal roof is welded to its supports faster and more securely than by bolting or riveting. Pipe joints are welded . . . tightly, economically and durably.

In the FlexArc principle, developed and applied by Westinghouse, arc welding gains unprecedented effectiveness and simplicity. Faster and more uniform welding is now possible. Arc welding is made practical for a wider range of applications than ever before.

A trained Westinghouse representative near you will be glad to tell you what Westinghouse arc welding equipment has done for other users. Why not talk it over with him?

WESTINGHOUSE ELECTRIC & MFG. CO.
East Pittsburgh, Pa.



Westinghouse



The Toledo, Ohio, bureau, one of two used in the survey

We Learn What Tourists Want

By JUSTUS MILLER

Secretary-Manager, Border Chamber of Commerce

NO kind or type of business has developed in Canada in recent years more rapidly than the tourist trade.

But very little seems to be known of the factors actually controlling this business. Constantly accelerating figures may be obtained year by year from the federal statistical branch as to the number of cars and persons entering the country—most of them from the United States—but there the really scientific data end.

We do not know just how many of these visitors are real tourists in the proper sense of the word. We do not know just how much they spend, what they buy, where they go, or what they do. We do not know exactly why they come or how they react to conditions here. In other words, we know that an expanding industry has come to us but we have not yet obtained data which will permit



Few of those questioned cared about styles of public buildings or study

us to ascertain the underlying principles and develop the business most economically for all concerned.

A new big business

THE people of Canada regard this new business highly. Americans may spend enough money in Canada this year to wipe out our unfavorable balance of trade with the United States. If not this year, perhaps next. No one is quite sure how much money American tourists spend in Canada, although everyone agrees that the total is large. Inversely, we do not know how much Canadian tourists spend each year in the United States. In proportion to population it is probably just as large. No one knows any of these facts exactly—probably never will know them exactly; hence the estimates made from time to time. But as a people we appreciate the trade. We know

Has your Advertising its "Achilles Heel"?

When Achilles was a baby, his mother dipped him in the river Styx. This made him invulnerable except in the heel by which she held him. He finally died in battle when an arrow wounded his heel.

Final reproduction is the "heel of Achilles" in many an advertising job. A butter manufacturer created a new carton — but the printing ink damaged the butter. A newspaper advertiser developed a distinctive new art technique — but it came out a black smear. A carton-maker made a cellophane carton — but the printed brand rubbed off . . . The same careful thought used in preparation of advertising must carry through every step of its reproduction. A thinking printer, lithographer or carton-maker is worth far more than the small percentage he may add to the complete cost of the job. Thinking craftsmen know that thought-made I.P.I. Inks help them to leave no "heel of Achilles" in the job.



ipi

THE INTERNATIONAL PRINTING INK CORPORATION

75 VARICK STREET, NEW YORK CITY • 26 BRANCHES IN PRINCIPAL CITIES

When writing to THE INTERNATIONAL PRINTING INK CORPORATION, please mention Nation's Business



S.S. East Indian and Lake Ormoc, of the Ford Fleet

DESTINED FOR DETROIT

IN THE DAYS when the life and energy of New England were expressed in terms of sailing-ships and adventurous voyaging, the little port of Salem meant more to the people of Malaysia than all the American Colonies together!

Today, though few think of Detroit as an ocean port, cargoes from the farthest corners of the earth find their way by sea and river, canal and lake, railroad and highway, to the docks at River Rouge. At East African ports, ships are piled with red ore of friable chrome destined for Detroit. Rare varnish ingredient comes from Formosa. Diamonds,

even, are in the cargo from South Africa. Rubber and nut-oil come from the Yangtze, the Amazon, and ports of the Malay States. Better known than Salem ever was, Detroit, today, typifies America.

All the world contributes to the making of a Ford! For all the world is searched to find the best of raw materials to manufacture this famous car. And all the world receives back again an automotive unit of transportation that brings a new idea, a new stimulus, to the service and well-being of mankind.

The Ford principle has always been to produce the best possible car for its purpose, regardless of

cost; and then, by applying the highest degree of efficiency and the most painstaking economy, to bring the cost of its production down as far as possible.

Materials arrive at Detroit, by railroad, truck, steamship and airplane under exact co-ordinated control. Wherever it has been found necessary in the interests of better speed and consistent economy, Ford has realigned and created systems of transportation to further reduce the ultimate cost of manufacture.

As far places contribute to the production of the Ford automobile, civilization gains by its use.

without definite figures that it perhaps equalled in value the western wheat crop last year, that it put an enormous amount of money in circulation, and that it provided a huge market for Canadian services, manufactured commodities, and agricultural products. In this manner it vastly increased the Canadian home market for all these services, commodities and products.

As a result government departments, communities, highway associations, automobile clubs, community organizations and individuals are joining in the effort to attract tourists. Various methods are employed but the chief activity is preparing and distributing descriptive literature. Each agency is guided by its own ideas, develops its own system, and creates its own distribution methods.

No satisfactory models

A STUDY of this literature shows much of it to be duplication, some of it contradiction, and most of it written with no very intensive study of tourist psychology. Each community plays up what it feels it should be most proud of and almost every one seems to emphasize any fishing, shooting, or camping advantages it may possess.

Before 1929, the Border Chamber of Commerce had much the same idea of the tourist trade as had any other community. But the very location of the Border Cities, right on the International Boundary, opposite Detroit, at the junction point of two provincial highways and several state highways, was bound to bring an adjustment of ideas. Then as construction on the Ambassador Bridge and the Fleetway Tunnel proceeded, it was felt that the situation should be studied most carefully.

In 1928, more than three million Americans entered Canada at the Border Cities. Most of them proceeded directly inland. An unscientific and meager survey was made in the fall of 1928. Not much was learned that could be put on paper but ideas were engendered which persuaded the Border Chamber to make the development of the tourist trade in 1929 a major activity.

It was felt from the first that really effective work could not be done until the tourist business had been studied and analyzed so that at least some factors could be used as fundamentals. The two objectives decided upon for 1929 were, first, to develop a program which would encourage tourists to stop for at least a part of their time in the Border Cities, second, a study of the psychology of the tourist.

The first question was not only a matter of how to advertise but what to advertise. The partial survey in 1928 indicated that the tourist was not much interested in styles of city halls, fire stations, or public schools. Since the tourist seemed to want recreation, the advertising stressed the 120 miles of water front bordering Lake St. Clair, the Detroit River, and Lake Erie, with its background of Essex County and the various sporting and recreational facilities offered.

The information bureau method of distribution was chosen. The Border Chamber established two bureaus on main Michigan highways some distance out of Detroit where the bulk of the traffic from the whole American West and South passed. Eight supplementary bureaus were established, reaching back as far as 150 miles, to serve as feeders for the main bureaus.

The supplementary bureaus distributed Border Chamber publications and the literature of other organizations and of government departments. If detailed information was required which was not available there, the tourist was referred to the main bureaus, one of which in every case was on his direct route to the Canadian border.

The main bureau staffs were university undergraduates who had studied the information likely to be required and were qualified by special training to undertake the survey.

The bureaus were successful, both in attracting tourists to stop, and in encouraging them to tarry awhile in the Border Cities.

Facts on the tourist trade

THE facts adduced by the survey are of most interest. They present a new view of the tourist trade, and they give us what appears to be a more stable foundation on which to base future activity.

The facts in reference to traffic were collected by the university undergraduates. The facts in reference to the tourist himself were obtained at the main bureaus by questionnaire. Some 656 of these questionnaires were completed. The facts, of course, still lack the scientific definiteness they should have, because they represent such a small percentage of tourists actually entering Canada in 1929 and because they refer to those mainly from the middle west, west and south of the United States, all of whom entered Canada at only one port.

It is possible, however, that enough opinions were obtained to represent fairly well the view of all tourists.

The traffic survey included a check of out-state cars, neither Michigan nor Canadian being considered. It covered July, August and September. It was found that Sunday was almost invariably the day of heaviest tourist traffic, and that Saturday was in a few cases the exception. During the whole season the afternoon hours from two to five had the heaviest flow.

Tourists travel on week-ends

IN OTHER words it is apparent that most tourists leave home Saturday or Sunday and try to reach the international frontier as early in the afternoon as possible. Eighty-seven per cent of them crossed directly to Canada without stopping in Detroit.

The peak traffic on the Chicago highway occurred August 31 and on the Toledo highway September 1. On these two days 5,108 cars passed in a ten-hour period. During the season the flow gradually swelled to this peak and then slowly declined until by September 26 only 562 passed on the two highways in this same ten-hour period.

The questionnaire threw the viewpoint, plans and desires of tourists into high relief. Many rather surprising things were learned.

The destination of those included in the survey was exceedingly informing. Northern Ontario and Quebec are not attracting American tourists who enter Ontario via Detroit to the degree we had believed. The final destinations were:

Niagara Falls	29 per cent
Toronto	12 per cent
Border Cities	8 per cent
Other Old Ontario points	18 per cent
Northern Ontario	12 per cent
Province of Quebec	19 per cent
Maritimes	2 per cent
Total	100 per cent

Naturally this record would vary at other ports of entrance. But it does probably show that Old Ontario is drawing 77 per cent of those who come from that part of the United States between the Alleghany and Rocky Mountains for which the Border Cities is the logical gateway by which to enter Canada.

The reason for coming to Canada offers another interesting field of study. If those tourists from whom information was received may be considered as at all representative of the ten million or more Americans who came to Canada in 1929 some of our ideas of attracting tourists may perhaps need revision. Although it will be understood that some tourists gave several reasons, only the reason most stressed is classi-



Step by Step Diamond has developed this "frictionless" drive

up to 3600 R. P. M. . . .
up to 672 H. P.

"NEW" is the term most fitting to the Diamond Drive of today. The roller-bearing, anti-friction principle has been developed to such a point that unequalled durability and surpassing efficiency are available on the highest speeds of which any non-direct drive is capable.

It excels for economical standardization of drives. Few spare parts need be kept on hand, no special tools for repairs. Giving more years of trouble-free service, it is positive, never slackens its transmitted speed, never "letting down" production. It curtails space requirements, being narrower, and stronger.

Send for booklet 102-B, "Reducing the Cost of Power Transmission."

DIAMOND CHAIN & MFG. CO.

417 Kentucky Ave., Indianapolis, Ind.

Offices and Agents in Principal Cities

*Frictionless by comparison with other positive drives.

DIAMOND DRIVES

for Every Industrial Need

NO LET-DOWN IN SPEED
AFTER YEARS OF USE

This drive is on every link



DO YOU always get the information you want—when you want it—in the condition and order you expect it to be? You can when you file with Acco Folders.

These tough, durable press board folders, made for all standard sizes of correspondence, hold a compact, book-like, easily accessible record of every business transaction. Each Acco Folder contains a standard Acco Fastener with a patented lock compressor strip that compresses filing contents trimly, safely and securely. Valuable business papers gripped with this Fastener cannot under any conditions, slip out or shuffle in the file. At transfer time, completely bound, indexed contents are slipped from the Folder sideways and stored away intact. The Folder can be used until it wears out—and Acco Folders last as long as the filing cabinet itself.

Save your temper—your file clerk's time—protect against inaccuracy and loss. Absolute filing safety can be yours—why struggle along with less? Ask your dealer to show you these foolproof Acco Filing Folders today, or write to us.

ACCO PRODUCTS, Inc., (American Clip Co.)

39th Ave. and 24th St.

Long Island City, N. Y.

Acco Canadian Co., Ltd., Toronto



ACCO FOLDERS

When writing please mention Nation's Business

fied in these reports which showed the following:

To visit foreign country and to see new scenery . . .	59 per cent
To visit Canadian summer resorts . . .	10 per cent
To visit relatives . . .	11 per cent
To see Niagara Falls . . .	8 per cent
To make short-cut from Detroit to Buffalo . . .	8 per cent
For fishing and other sports . . .	4 per cent
Total	100 per cent

These figures seem to change some of our conceptions of what the tourist wants. Of the 656 tourists involved in this section of the survey, only five cared anything about camping, one had come with an idea of study, five came to look at land, four were interested in boating, and only 12 expressed themselves as at all interested in the Ontario Liquor Control Act.

In other words, the great percentage of tourists apparently are not much interested in sports, camping, fishing, or similar recreations which require special equipment, prolonged stops or travel to out-of-the-way places. They seem not particularly interested in any kind of intensive study, historical or otherwise. They do not appear to be much concerned over public buildings, industrial situations, or commercial trends. They come in large numbers as family parties, and are wholesome law-abiding home folks.

Inversely, they wanted most of all to visit a foreign country, to drive through a new setting, and to visit new communities. They were interested in crops, hills, fields, forests, lakes—in a rolling panorama of scenery. And they wanted to drive so they could see as much of it as they could in the time they had.

They did not go as far afield into Ontario as one might have expected. They averaged 7.7 days in Canada, and did not attempt long trips in the North. The visits of the majority were confined to central and southern Ontario, for many of them were a long way from home before they reached even the Canadian border.

The kind of information required not only tells something of the people themselves, but points a moral for all those preparing tourist literature or who in other ways compile information for this business. A vast number of questions are those in which the majority were interested and about some of which every tourist inquired:

Customs and immigration regulations and general information about the procedure of crossing to a foreign country and of getting out again.

Routes, roads, and distances in detail. In many cases they did not have this precise information and then subsequent routing depended on the facts.

Hotels, tourist camps and tourist homes—this information also in detail giving names, standards, rates, exact locations. It was apparent that the individual tourist is often extremely fixed in his ideas in this regard. Many will stay only in hotels, many have not large funds and want a tourist home, while a few want the sensation of camping. Others favor the tourist camp. Usually they did not want advice, they wanted information.

Boat and ferry schedules in all parts of the great waterways of Ontario. It was astonishing how many such ferry services there are and how few any but an experienced information man is familiar with.

Sporting queries as to best fishing grounds, best kinds of bait, swimming, golfing facilities.

A host of other questions were asked by individuals but none had the general interest of these. There was considerable interest in Ontario speed laws, in prices of summer resort property, in business openings, in places where restful resorts could be found, in Canadian habits and customs, in custom tariffs, both Canadian and American.

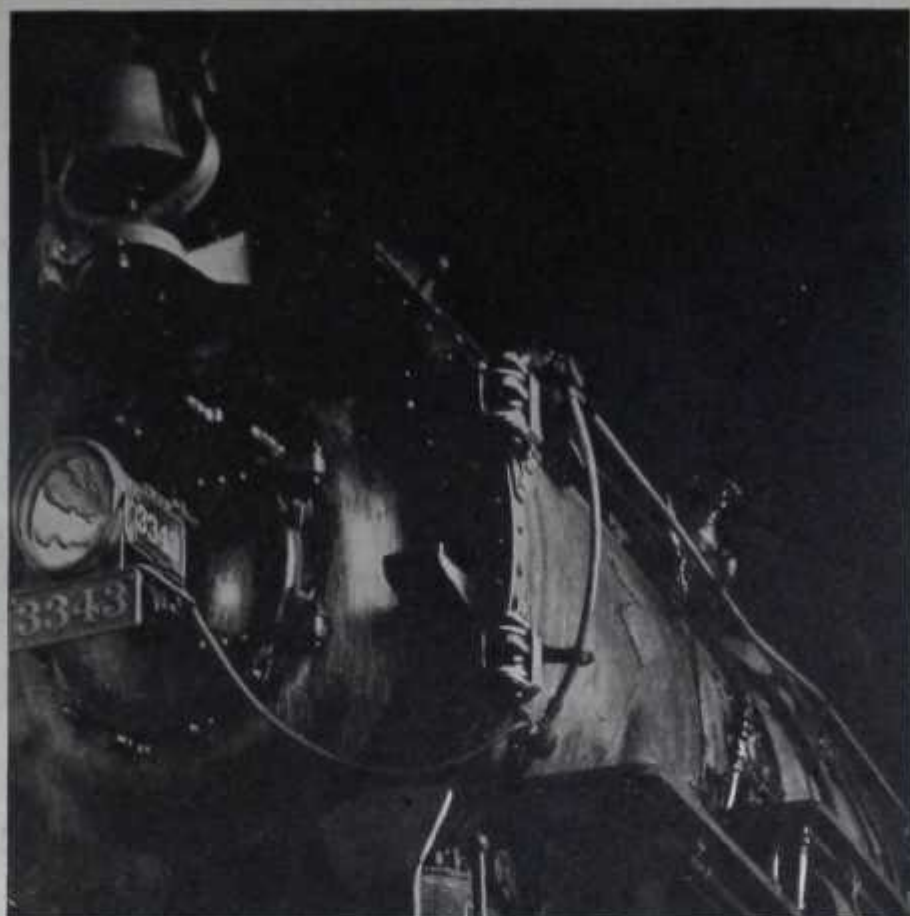
Few knew customs regulations

ONE remarkable fact discovered was that only 33 per cent of the tourists knew of the customs exemption which permits the tourist to take back \$100 worth of merchandise, when declared, free of duty. Of this number 21 per cent had planned to purchase Canadian commodities accordingly. What suitable advertising may accomplish in this regard is shown by the fact that 33 per cent of those who had not known of the exemption decided to make purchases.

Another interesting line of information was the discovery of the relatively large number who had no fixed plans in regard to their Canadian trip. It was found that only 63 per cent had such plans and that four per cent of these were perfectly willing to change according to circumstances.

These are a few of the high lights of the tourist survey. It is just a beginning that must be extended widely to become of real scientific value.

Since 1929 the work has been continued. The facts found in that year have been substantiated in 1930 and 1931. Despite the depression, the tourist trade has increased at this port, in 1930 by 29 per cent over 1929. Percentages and ideas have remained approximately constant. Times change but apparently tourist psychology is a fixed factor.



Ready for the night run

**A railroad of the
highest standard
of dependability**



ERIE RAILROAD SYSTEM

ROUTE OF THE ERIE LIMITED

Fallacies . . . increase the hidden costs of your business

(Continued from page 20)

railroads see it differently. They contend that the Government has not only been compensated for these grants, but is still being amply rewarded. Under the terms of the grants, the Government receives reduced rates—averaging from 12 to 15 per cent—for the transportation of mail, troops, materials and so on.

Expensive land grants

APPLYING these reduced rates to the acreage of land grants, it is represented that the railroads, even on a peacetime basis, pay for these land grants every 20 years. As these savings go on perpetually, the railroads feel that they have returned the value of the lands to the Government. The actual monetary saving to the Government by reason of the differential in rates, the railways contend, now averages about five million dollars a year.

Ideas about railroad business cars have a way of straying from the truth. It is easy to draw a fascinating picture of the "palatial private cars" of railroad executives, and to convey the impression of handsome fittings, rich food, and an atmosphere of luxurious and extravagant living. The reality of these cars hardly bears out this imagery. Glamour is missing. Office appliances, sleeping arrangements, kitchen equipment are all provided with convenience and efficiency in mind. Business cars enable railroad chiefs to keep in close touch with conditions on the road while they carry on their routine work, and, to the men who use them, are as necessary to railroad operation as any other kind of office.

For their part, the bus operators say they are carrying a cross in the charge that they pay no taxes. As a matter of fact, they declare, they pay two kinds of taxes—general, based on property, business or income; and special, based on use of the public highways. These special taxes include registration and license fees, gasoline taxes, and taxes on gross receipts and on mileage—seat miles, ton miles, or bus miles operated. Special bus taxes have increased 110 per cent since 1925, bus operators assert, while the number of intercity and city buses increased only 22 per cent. In 1929 bus taxes represented 7.68 per cent of total investment, and in that year buses paid 7.2 per cent of their operat-

ing receipts in taxes. Eighty-five per cent of bus taxes, bus men say, go directly into highway funds for improvement and maintenance.

Life insurance has its skeptics no less persistent. "You've gotta die to win," they tell the world. Yet a reference to the total payments made by life insurance companies to policyholders and beneficiaries might at once revise that cynicism. In 1930, of the total payments of \$2,200,000,000, the sum of \$1,325,000,000—that is, 60 per cent—was paid to living policyholders as dividends, matured endowments, annuities, disability benefits and cash surrender values. The balance, 875 million dollars, was paid to the beneficiaries of deceased policyholders.

A longer perspective discloses a similar preponderance of benefits to the policyholders while they were alive. A study of total payments made since 1880 by life companies to policyholders and beneficiaries shows that 56 per cent has gone to the former group and 44 per cent to the latter. It is also possible to suggest that many people are coming to think of life insurance as property. Statistics will indicate that its value as an investment for accumulating property in the form of savings exceeds by 50 per cent its value as protection.

Day in and day out people keep on asking whether the cost of advertising is not added to the cost of advertised merchandise. Large sums are spent for advertising—more than a billion dollars a year in this country alone—and it is natural enough that the consumer should question whether, as usual, it falls to his lot to pay the bill. "A page can't be worth \$8,000," he may say to himself as he ponders the rate for a leading weekly.

Economy in advertising

TO SKEPTICS of this order the Butterick Publishing Company once addressed an advertisement. Instances could be shown, it said, where advertising added to the price of goods. But, it continued, many instances have been shown where advertising lowered the price of goods. And further:

"In the long run, competition eliminates nonproductive expenditure.

"Manufacturers obviously do not give millions of dollars through periods of years to publishers for love alone.

"Advertising is a valuable aid to selling."

The justification for the cost of advertising gets down to this: "In the long haul, the cost of sound advertising is absorbed by the economies in selling it effects." If Campbell's, or Ivory, or Ford, or Radio-Victor could sell goods at less cost without advertising each would rival the woodland violet and blush unadvertised.

What a Doomsday Book could be written of our credulity. We are hospitable to the thought that machine production is the death of quality, as if the beauty of precision in fine motor cars, radios, high grade watches, and a host of other products in daily use did not question the legendary handicraft of an earlier age.

New features successful

THE hoodoo of market saturation has hung over the automobile industry, yet the advent of a new feature, as the free wheeling innovation last year, always pushes up sales for the makers.

Over and over it is said that Wall Street rules American business, yet there are hundreds of concerns whose financial strength is completely localized. And when former Ambassador Gerard gave out his list of "rulers" of America, his candidates promptly declined the nomination. Had they been all-powerful, they said, they would have tempered the war-time shocks suffered by their own business interests.

All business men are Babbitts, the word goes—sentimental boosters with one eye on the main chance and the other on the fleshpots. Against that conclusion can be set the many benefactions of business for the advancement of our culture. The examples of Morgan, Eastman, Harkness, Folger, Freer, Julliard, and Huntington may not be conclusive but certainly they suggest that the business community is not without its leaven of esthetics.

The notion that all inventors work in attics or basements is of a piece with the vigorous myth that painters inhabit garrets. Inventions are now produced almost on schedule in industrial research centers, as in the laboratories of the American Telephone & Telegraph Co., General Electric, Westinghouse, the Mellon Institute, and many others. Along with this state of mind travels the

Leadership in Truck Value



Lowest priced 6-cylinder 1½-ton truck with full floating rear axle and other big advantages

1½-ton chassis (131" wheelbase)

\$595

1½ ton chassis, 157" wheelbase, for extra long or bulky loads, \$630. ½-ton delivery chassis, 113" wheelbase, \$395.

All prices f. o. b. Toledo, Ohio

65-horsepower engine—4 large main bearings—Full force lubrication—Floating type oil suction—Bridge-type frame cross members—Extra loading space—Heavy duty cast spoke wheels—Dual wheels of one unit design—Heavy demountable truck type rims interchangeable on both single and dual wheels.

See your nearest Willys dealer; or write Willys-Overland, Inc., Commercial Sales Division, Toledo, Ohio, for descriptive literature.

New

WILLYS SIX TRUCKS

COMPLETE WITH BODIES FOR EVERY BUSINESS NEED

When seeing your nearest WILLYS dealer please mention Nation's Business

This Boston Post "Who's Who" of National Advertisers

A partial list, giving only accounts **RUNNING OVER 10,000 LINES**, as published in THE BOSTON POST during the so-called "depression period" from January, 1930, to July, 1931.

AUTOMOBILES

	Agate Lines
General Motors	139,785
Ford and Lincoln	94,277
Chrysler Motors	69,145
Hudson and Essex	56,027
Nash	44,212
Studebaker and Erskine	35,588
Dodge	28,948
Graham	25,480
Willys and Whippet	22,189
Packard	21,128
Franklin	17,745
Hupmobile	12,792

GAS—OILS—TIRES

Atlantic Gasolene	80,997
Socony Gasolene and Oil	80,367
Tydol Gas and Veedol Oil	37,778
Colonial Gasolene	25,631
Good Gulf Gasolene	25,060
Shell Gasolene	23,928
Texaco Gasolene and Oil	23,922
Jenney Gasolene and Oil	20,814
Pan Am Gasolene	16,268
Firestone Tires	16,828
Sears Roebuck Tire Dept.	21,793

RADIO

R. C. A. Victor	37,284
Atwater Kent	33,864
Majestic Sets	28,244
General Motors Radio	25,900
Brunswick Sets	16,816
G. E. Sets	16,698

HEATING

	Agate Lines
Silent Automatic Oil Burner	28,676
Electro Oil Burner	20,938
Timken Oil Burner	20,260
Petro Nokol Oil Burner	17,122
Gas Industry of N. E.	16,584
Glenwood Ranges	14,993
Blue Coal	13,370

TOURS AND TRAVEL

Canadian Pacific	37,095
Eastern S. S. Lines	28,145
Canadian National	23,631
Cunard Line	19,231
N. Y., N. H. & H. R. R.	14,859
Boston & Maine	11,345
New England S. S. Co.	11,320
Greyhound Lines	10,625

CIGARS—CIGARETTES

Lucky Strike Cigarettes	150,145
Chesterfield Cigarettes	97,029
Camel Cigarettes	85,178
Old Gold Cigarettes	69,202
Cremo Cigars	32,768
El Producto Cigars	28,080
Wm. Penn Cigars	13,423
LaPalina Cigars	12,337
J. A. Cigars	11,403
Blackstone Cigars	10,196

MOTION PICTURES

Metro Goldwyn Mayer	21,547
Paramount Pictures	17,847

ELECTRIC EQUIPMENT

	Agate Lines
Frigidaire	46,736
G. E. Refrigerators	17,958
Maytag Washer	20,273
Easy Washer and Ironer	10,236

DRUGS—PROPRIETARY

Bayer's Aspirin	35,386
Listerine	32,711
Kotex	24,195
Dr. Lewis Baker	17,427
Grove's Quinine	16,275
Listerine Tooth Paste	16,060
Coty Cosmetics	15,793
Cuticura Soap	15,192
Ironized Yeast	14,301
Colgate's Dental Cream	13,403
Kolynos Dental Cream	13,370
Brioschi	11,542
Phillips Milk of Magnesia	10,939
Noxzema	10,557
Kruschen Salts	10,021
Pluto	10,194

MISCELLANEOUS

Gillette Razor	25,342
Probak Blades	23,224
Goodyear Heels	16,405
Gem Razor	14,168
Parker Pens	11,611

Do you find many
of the big fellows
among the missing

?

Outstanding Accounts in Foods and Allied Grocery Lines

SOAP AND CLEANSERS

	Agate Lines
Lever Bros. Products	129,068
Lux Toilet Soap	45,766
Rinso	29,684
Lux	28,827
Lifebuoy Soap	24,791
Palmolive Soap	35,430
Palmolive Beads	20,224
Gold Dust	13,145

CEREALS—DAIRIES

Kellogg's Products	40,224
General Foods Products	35,027
Heinz Products	30,073
Ralston	25,092
Hood's Milk	24,830
Hecker HO	22,503
Shredded Wheat	15,244
Kraft Cheese	11,985
Wheatena	10,788

BAKING PRODUCTS

	Agate Lines
Wonder Bread	57,352
Bond Bread	38,594
Fleischmann's Yeast	37,728
Sunshine Crackers	30,855
Hathaway's Bread	24,496
Rumford Baking Powder	22,284
Hostess Cake	15,772
Drake's Cake	14,372
Pillsbury's Flour	13,402
National Biscuit	12,768
Educator Crackers	11,831

MEAT AND FISH

N. E. Fresh Pork	18,739
Chicken of the Sea Tuna	12,223
Underwood's Chowder	11,208

BEVERAGES

	Agate Lines
Canada Dry Ginger Ale	41,324
Chelmsford Ginger Ale	36,518
Clicquot Club Ginger Ale	32,447
Chase & Sanborn Coffee	17,590
La Touraine Coffee	14,541
White House Coffee	13,931
Simpson Spring Ginger Ale	13,851
Moxie	11,775

MISCELLANEOUS

Muller's Macaroni	24,549
Blue Ribbon Malt	22,139
Budweiser Barley Malt	15,877
Gold Medal Salad Dressing	11,816
Black Flag Insecticide	11,438
Campbell's Soups	10,908
Florida Citrus Growers	10,080

The Boston Post

Established 1831

New England's "GOOD MORNING" For 100 Years

The Boston Post

Established 1831

New England's "GOOD MORNING" For 100 Years

You can reach more than one of every three families in Boston, and 149 nearby cities and towns in a surrounding 30-mile territory, **whose yearly income is \$2000 to \$10,000 or more,** through their favorite breakfast table newspaper, **The Boston Post**

The survey of the American Association of Advertising Agencies, under the direction of Prof. Daniel Starch, formerly of the Harvard School of Business Administration, shows The Boston Post to have not only the largest daily circulation, but also a buying power of unusual proportions all along the line.

This inquiry was conducted to ascertain what newspapers were received in the homes of this prosperous and populous community, and covered Boston and a 30-mile radius. It was made by a group of investigators calling AT THE HOMES.

Families with incomes from \$2,000 to \$2,900

—The Boston Post reached 39.14%

Families with incomes from \$3,000 to \$4,999

—The Boston Post reached 42.92%

Families with incomes from \$5,000 to \$9,999

—The Boston Post reached 43.43%

Families with incomes of \$10,000 and over

—The Boston Post reached 33.78%

Net Paid Daily
Circulation

366,161

Without ANY
Duplication

THE BOSTON POST should be YOUR FIRST CHOICE for Advertising

idea that there is nothing new under the sun. Back in 1844 the Commissioner of Patents resigned because he felt there would not be enough new applications to keep him busy. In the period from 1920 through 1929 the applications have averaged 87,000 a year.

Possibly it is true that loose talk is the only American product that knows no depression. And it may be that gullibility is our national sport if not our vice. Here are some of our liveliest non-stop notions.

Horses are not gone

THE motor car has crowded the horse off the streets, we hear, but for trucking and delivery over short distances, with congested streets and many stops, many business houses still prefer horses. The fact that the great London store of Selfridge & Co. still finds a place for the horse, provides its own emphasis.

Any receptive ear can hear that the bicycle is obsolete. Yet everywhere the observing eye sees the agile Mercuries of the telegraph companies flitting in and out of traffic astride their trusty "bikes" or stuttering motorcycles.

Wherever there is receptivity to opinions there is an ever-ready supply of business static. If you test some of the familiar sayings against your own observations and experience, you can write your own answers. "The seller's interest is not the buyer's interest," but that doesn't explain the growth of Marshall Field, Macy's or Sears, Roebuck and Montgomery Ward.

"A foreign label means superior goods." Well, how about the export of American products to the great commercial countries abroad?

"Technological employment is new." Yet in the eighteenth century England had her Luddites who set out to wreck the machines which threw men out of work.

"A fire is good business," say some, yet no insurance can compensate for the suspension of "business as usual," loss of customers, and the disorganization of a trained staff.

"Speculation is gambling," is a commonplace text, but Mr. Justice Holmes, in an opinion for the Supreme Court, has said:

"People will endeavor to forecast the future, and to make agreements according to their prophecy. Speculation of this kind by competent men is the self-adjustment of society to the probable. Its value is well known as a means of avoiding or mitigating catastrophes, equalizing prices, and providing for periods of want."

It is regularly reported that "our cities are overbuilt." In rebuttal, the National Association of Real Estate Boards declares that of 381 cities reporting to it, only 11 per cent have an oversupply of houses, only 23 per cent have too many multifamily dwellings, and only 34 per cent show an excess of business space.

Widely held was the belief that installment purchases would increase to levels out of all proportion to the national income.

A credible report shows that the volume of installment sales in 1931 has been only slightly lower than in 1930, while statements by leading finance companies indicate that the percentage of delinquencies and reposessions in the early part of the current year actually declined as compared with the corresponding period of 1930.

The ingenuity with which Americans convert waste into profitable by-products challenges the idea that "waste is loss." In the same category is the notion that "conservation of natural resources means nonutilization." The interests that are dealing with wood as a crop have shown the practicability of large scale reforestation.

Almost unchanging beliefs

OUR life as a people is ruled by entrenched beliefs. If some be thought mere whims, then they must be rated as iron whims.

"Lack of a business sense is a mark of social superiority," it is said. Or "the farmers are being ruined by the cost of transportation." Another solid block of opinion holds that "all wealth is produced by labor." If we look through dark glasses it is easy to see that "we'll all be Robots by and by." Folk who contend that economy is parsimony will hold that "hoarding is thrift."

In the field of national policies and party platforms, in causes and crusades of all sorts, the motive power is not infrequently an appeal to prejudice, to group solidarity, or to a "holier than thou" morality. Special pleading is the rule and reward for "right mindedness" is obvious enough to stimulate effort toward doing the world a good turn.

Who has not heard that "the two major parties are not fundamentally different"; that "women want equal rights"; that "legislative fiat can repeal economic law"; that "socialism would produce a larger sum total of goods than capitalism"; that "muckraking aids reform"; and that "the best armed nation is the strongest nation"?

Other veterans in this muster of

popular catchlines come readily to mind:

"The office seeks the man"; "the only good politician is a dead politician"; "majorities rule in America" and "the Constitution is inviolate," we righteously reiterate. No strangers are the dogmatic declarations that "tariffs prevent competition," and that "national isolation can be enjoyed with profit."

Axioms of long standing

SECURELY moored in many mentalities are other tags and labels of the American philosophy. "Two can live as cheaply as one" is a universal text that prevails against contrary proof. And breathes there a man with soul so dead who never to himself hath said "those were the days." A lethal arsenal of arguments can be set off by prodding the faithful who hold that "history is the bunk," that "it isn't the first cost, it's the upkeep," that "woman's work is never done," that "there is an average American," that "the weather man is more often wrong than right," that "the climate is changing," that "nobody votes" and that "nobody walks."

Scratch a man's pet beliefs, and you will find a defender underneath. Ready made debates are packed in these flourishes of partisan assurance—that "personal journalism has passed," that "scientists are absent-minded," that "human conduct can be improved more by regulation than by education," that "there isn't a good five-cent cigar."

As a people we are touchy about our foods. Like our taste in art, we may not know who's who or for how much, but we think we know what makes us sick. But do we? Here are some quirks and combinations the American stomach once regarded as unfriendly, but which are now given a clean bill of health by expert opinion: that acid foods and milk do not agree; that milk or cream should not be used in tea or coffee; that water should not be drunk at meals; that veal is more indigestible than chicken or beef; that milk or ice cream should not be eaten with fish; that raw eggs digest better than cooked eggs, that berries and grapes cause appendicitis, that tin poisoning is likely from food standing in opened cans, and that fruits cause rheumatism.

On every hand we are stymied with fallacies, and even when we do infringe on the dictates of ingrowing inhibitions, we do so with crossed fingers and a feeling of guilt. Years ago Irwin Edman pointed out in the *Century* that in reading about the varieties of magic and trembling taboos with which our un-



Even Where Mechanical Accounting Has Long Been Used

National Accounting Machines Show Striking Savings

Because it has exclusive features found on no other machine, a National Accounting Machine does work faster, with greater ease for the operator and with a minimum of mental effort.

The full adding and typewriter keyboards, complete visibility of all writing, automatic printed totals, punctuation and tabulation form a combination of features which lowers accounting costs in any business.

These features are just as valuable to the concern which can handle all of its bookkeeping on one machine as to the department store which needs seventy-five.

Checking up on the possibilities of this machine may mean just as much to you as it did to John Wanamaker . . . Baldwin Locomotive . . . General Motors Acceptance . . . Colgate-Palmolive Peet . . . and hundreds of others who use it in many different ways.

THE NATIONAL CASH REGISTER COMPANY

Accounting Machines for Every Business

DAYTON, OHIO

Cut travel time

"GO EMPRESS"

● The speed of the Empresses saves you 2 to 6 days to the Orient. Choice of two routes...both from Vancouver (trains direct to ship's side) and Victoria.

On the *Direct Express* are Empress of Russia, Empress of Asia, docking in Yokohama in 10 days.

Via Honolulu (connecting with San Francisco and Los Angeles sailings) are luxurious Empress of Canada and the huge, new Empress of Japan...largest, fastest liner on the Pacific.

Actual records on Both Routes by the Empress of Japan

Between Yokohama and Victoria...

Direct Express: 7 days, 20 hr., 16 min.

Via Honolulu: 10 days, 18 hr., 27 min.

All Empresses offer First Class, Tourist Cabin... also unusually fine Third Cabin.

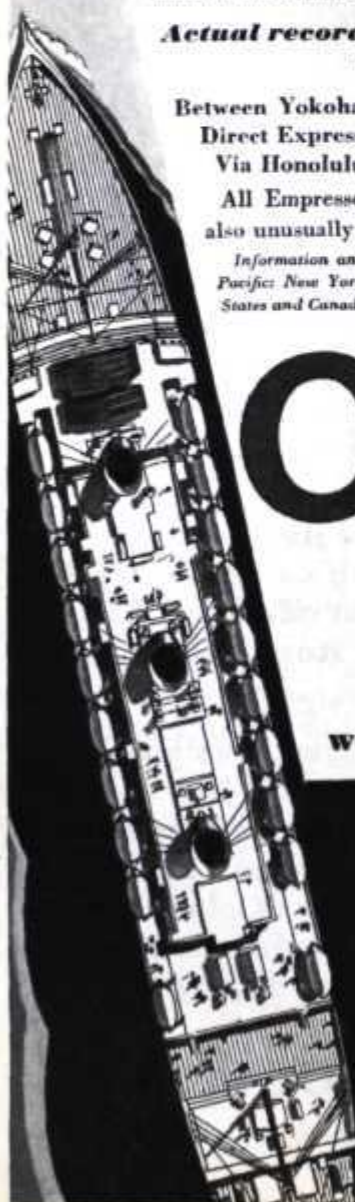
Information and reservations from your own agent or Canadian Pacific: New York, Chicago, Montreal and 32 other cities in United States and Canada.

TO THE ORIENT Canadian Pacific

WORLD'S GREATEST TRAVEL SYSTEM



HONOLULU
YOKOHAMA
KOBE
NAGASAKI
SHANGHAI
HONG KONG
MANILA



civilized ancestors tormented their lives or hoped to preserve them, we like to contrast their unhappy state with our own free, sophisticated lot. We reflect that we have supplanted muddled magic with clear intelligence, that sanity and sense now serve in place of desperation and doubt.

The history of the human mind, we pleasantly conclude, is an unmistakable progress. Against that fatuous satisfaction must be set the great verity that it takes courage, as well as wisdom, to distinguish fact from fancy, to face the world directly, to meet experience on its own terms, to understand the world and in so far to master it.

Every business, big or little, has to contend with pet aversions of the people it seeks to serve. The managers of industrial plants, transportation systems, banks and insurance companies, public services, extractive industries, and of the links in the distribution system know that the public and its prejudicial notions are not soon parted. The experience of these men is enough to suggest that the land of the free and the home of the brave is also the old omen's home. Certainly there is a world of first-hand information for the compilation of a "Who's Hoodoo" of American business.

Physicians' Incomes

A RECENT SURVEY by *Medical Economics* reveals that the average net income of physicians throughout the United States is \$5,509, the average gross income \$8,284. A survey two years ago showed net income to be \$5,806; gross income \$9,329.

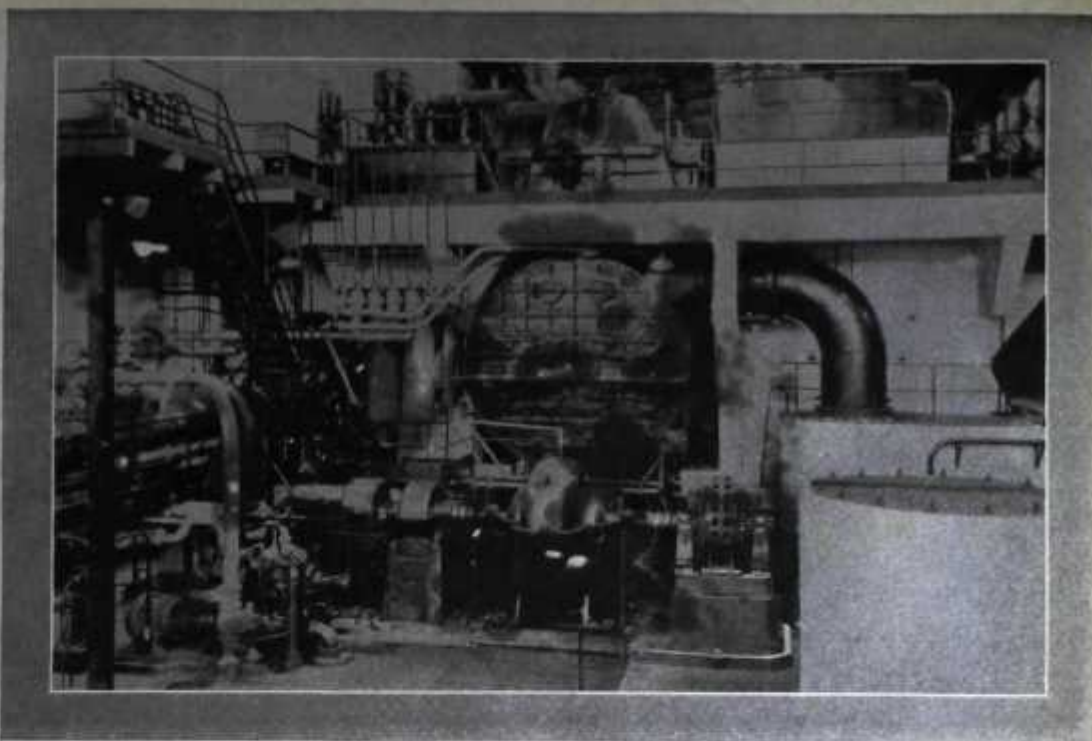
The average net income of rural physicians was shown to be \$3,152; gross income \$5,260. General practitioners received an average net income of \$4,188 and a gross of \$7,427; specialists' average net incomes ranged from \$4,290 (physical therapy) to \$9,233 (surgery) and their gross incomes from \$8,413 (anesthesia) to \$15,472 (surgery). Ratios of specialists to general practitioners ranges from one to 31 in rural communities to a nearly equal proportion in the largest cities.

The survey showed that a physician arrives at his highest earning power during his eleventh to twentieth year in practice—when his average gross income is \$10,081 and net income \$6,330.

The net income gradient rises steadily from the general practitioner's \$3,152 in the smallest community to \$5,910 in the largest.



CITIES SERVICE RADIO
CONCERTS, Fridays, 8 P. M.
Eastern Standard Time—
WEAF and 37 Stations on
N.B.C. Nation-Wide Network



WITHOUT OBLIGATION . . . our engineers will tell you how "Unit Plan" lubrication pays

*How it speeds production
... how it cuts operating costs*

Cities Service Lubrication Engineers will prepare for you a "Unit Plan" for your entire plant or any section of it . . . a plan to increase efficiency and reduce your costs. They will study every machine's need.

Light, heat and power plants, transportation companies and fleets of trucks operated by Cities Service subsidiaries constitute a gigantic testing laboratory for Cities Service lubricants, and enable Cities Service to provide you with quality proved where it should be proved—in *industrial use*.

Ask about our "Unit Plan" of Lubrication, including recommendations for the scientific lubrication of all types of machinery from smallest lathe to giant turbine.

Mail the coupon below today . . . we'll have our representative call on you with no obligation whatever on your part.

CITIES SERVICE COMPANY,
60 Wall Street, New York, N. Y.

We are interested in your "Unit Plan" of Lubrication.

We operate.....machines.
number of

Our products are.....

Name.....

Street.....

City.....State.....

CITIES SERVICE INDUSTRIAL OILS

QUALITY PROVED WHERE IT SHOULD BE PROVED — IN INDUSTRIAL USE

When writing to CITIES SERVICE COMPANY please mention Nation's Business



They protected their families with a business life insurance trust

Guarding Your Business from Death

By C. ALISON SCULLY

Vice President, Bank of Manhattan Trust Company, New York

DECORATION BY GEORGE LOHR

SOME 30 years ago a young man whom we shall call Smith built a small factory in Massachusetts and began to manufacture tires and mechanical rubber products.

His business grew rapidly with the advent of the automobile. It was soon necessary to purchase additional grounds and to build new buildings. Sales continued to increase until finally a slump in rubber prices, coupled with aggressive competition, forced Smith to liquidate the tire business and to charge off the tire inventory against profit on other lines. This setback proved only temporary, however, and the business thrived thereafter.

A few years ago Smith died. His will directed that the business be continued as long as it was profitable for the ultimate benefit of his grandsons. The income from the business was to go to Mrs. Smith, the late owner's widow, during her lifetime. An executor was appointed and operations were con-

HERE are the stories of three businesses that faced an identical situation. One of them weathered the storm. The other two did not, but they might have, Mr. Scully says, had their owners taken certain precautions. If you have a family, you will want to read this article — and they will want you to

tinued satisfactorily for a time. Through lack of adequate leadership, however, the management of the business was impaired, costs increased and obsolete inventory again appeared. Two years after Mr. Smith's death a loss was shown.

Some of the company's executives sensed what was happening and sought to buy the business. They found it impossible to raise sufficient capital, however, and the business finally was sold to a competitor. It brought nearly a million dollars less than the book value of the stock. Thus a business which

was thriving and prosperous when the owner died passed from the control of his heirs at a heavy loss, disrupting his plans for leaving those heirs adequately provided for.

I recall another case, that of two partners, Foster and Black, who went into the shoe business, Foster contributing 45 per cent of the capital, Black 55 per cent. Friction arose between them on questions of policy a few years

later and in the midst of their disagreements Black died. The widow, who had fallen heir to the dispute, demanded an immediate settlement of her interest in the business. Foster was unable to raise enough money to satisfy her claims and a forced sale resulted. Only a nominal price was obtained and both Foster and Mrs. Black suffered substantial losses. Foster later became an employee of the business in which he had once been a partner and Mrs. Black had to take employment to supplement her income.

In the first instance, Smith died thinking that he had left his family well

R-E-A-D

HOW TO MEET THE INESCAPABLE CRY FOR LOWER PRICES

The voices of sales units and retailers everywhere are raised in a huge national chorus: "give us lower-priced merchandise—bargains which even the hard-boiled prospect of today cannot resist."

In self-defense, no manufacturer can disregard that cry. G. P. & F. stampings have aided many manufacturers and may bring savings to you also. Perhaps you can get an idea from reading the following examples:

Cost Savings

A lower crankcase for automobile motor was stamped from 16 gauge steel by G. P. & F. at a cost of about one-half that of the former aluminum casting.

A carburetor manufacturer saved \$5,000 on raw material alone on the first production schedule of 50,000 units—when he changed from cast brass shells to G. P. & F. drawn brass shells. The change saved 1½ lbs. of brass per unit. Later he changed to sheet steel, making still further savings.

A unit formerly cast was redesigned for G. P. & F. pressed-metal production. On 5,000 units, \$500 was saved in machining costs and more than \$1,000 in metal costs. The better finish and appearance of the pressed unit enabled the manufacturer to outsell competition at a profit.

A body for an automobile jack was formerly cast of aluminum. Now it is pressed by G. P. & F. from steel at a 50% saving plus a marked reduction in weight and an increase in strength. The aluminum casting weighed 14 ounces; the pressed steel body weighs only 10 ounces.

If these hints suggest anything to you, send a sample or blue print for quotations. First of all send for the valuable book "In Harmony With Modern Progress."

GEUDER, PAESCHKE & FREY CO.

Sole Representatives in Principal Cities in All Parts of the Country

1419 W. St. Paul Ave., Milwaukee, Wis.

G. P. & F.

STAMPINGS

A 25% saving in material, an elimination of machining and assembling operations were achieved by using G. P. & F. stampings instead of castings in a built-up traffic-signal post.

Weight Savings

A pump manufacturer replaced a cast unit with a G. P. & F. drawn unit and saved 73 lbs. of metal per unit.

A business machine with its G. P. & F. pressed case weighs 12 lbs. less than it weighed with a cast enclosure.

On another business machine, a two-thirds reduction in weight was made by the change to G. P. & F. drawn covers.

An oil pan for a machine tool weighed 28 lbs. when cast, was heavy and brittle, and required grinding and buffing. The same pan made of G. P. & F. pressed steel weighs only 5 lbs., 14 ozs., stands vibration better, is stronger and requires no finishing.

Hamilton-Sangamo turned production of their vitreous enameled clock case over to G. P. & F. Result: a very beautiful case at a very interesting price.



GEUDER, PAESCHKE & FREY CO.
1419 W. St. Paul Avenue, Milwaukee, Wis.

Gentlemen:—

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provided for. Black, too, doubtless imagined that the thriving business he and Foster had built up would provide ample funds for his widow. I suspect that every business man who is the owner or part owner of a prosperous enterprise cherishes similar beliefs concerning his own case. That all too frequently these beliefs are not borne out is saddening—and doubly so because in nearly every case such losses are easily preventable, not only to the families of the decedents but also to the surviving partners or stockholders.

Keeping ownership active

THE remedy—or rather the preventive—lies in the business life insurance trust, a device which permits the strong and active continuance of a business under successive changes in ownership or management, protects investments in the enterprise, and provides an equitable market for the interests of the part owner in event of his death.

The ups and downs in the business world in the past three years have amply demonstrated the need for some such plan. Just now few businesses have an abundance of cash reserves. Almost none have enough cash to pay off or buy out an important proprietary interest. If a partner in a firm or a stockholder in a close corporation dies without previous arrangement having been made to retire his interest in the business, the necessity of liquidating that interest may mean ruin.

This need for some adequate plan for retiring the interest of a deceased partner or stockholder without interruption or injury to the business has produced the business life insurance trust.

Nearly all business organizations have become familiar with what is popularly known as business insurance—which should be carefully differentiated from the business life insurance trust. The value of business insurance in protecting the credit position of a going business or guarding against loss of earning power which that business might suffer in case of the death of one of the principals cannot be overestimated. Usually payable directly to the firm or corporation, it may be sufficient in amount to retire the decedent's interest. The weakness of business insurance falls just here; it may not be sufficient and, even if it is sufficient, the decedent's family may not get the right price for what he has labored to create.

Today the accepted method of assuring the orderly and adequate retirement of the interest of a deceased partner in a firm or stockholder in a close

corporation is through the establishment of the business life insurance trust.

The plan is not complicated. The partners or stockholders jointly create a trust with a trust company as trustee. The assets of the trust are insurance policies on the lives of the principals deposited with the trustee under a carefully drawn agreement. The face amount of the policies on the lives of the different parties is determined by, first, the value of their respective interests in the business and, second, the financial ability of the parties in the payment of the life-insurance premiums.

As the sole proprietor of his business, Smith could have arranged for the disposal, at his death, of the business to his executives at a fair price to his estate. It would have been done simply by having those executives take out insurance on Smith's life for an amount representing the cash value of his business as a going concern and depositing the policies with a trustee. Under this arrangement, when Smith died, his estate would have received, in cash or income, the full value of his business interests. His executives, furthermore, would have succeeded to the business without having to take anything from their private resources or the business.

Heirs can obtain cash

IN THE case of the partners, Foster and Black, Foster would have purchased insurance on Black's life to the amount of Black's 55 per cent interest in the business, and Black would have purchased insurance on Foster's life to the amount of the latter's interest in the partnership. When Black died, his widow, under the trust agreement, would have received a cash sum considerably larger than that realized from the forced sale and Foster would have succeeded to the going shoe business free and clear.

Another instance will further illustrate the workings of the business life insurance trust. Two engineers, Murdock and Brown, organized a corporation to take over and consolidate their interests, Murdock contributing \$60,000 for a 60 per cent interest in the business and Brown \$40,000 for a 40 per cent interest. Realizing that the death of either would react unfavorably on the business, and wishing to protect their families, Murdock and Brown executed a business insurance trust agreement under the terms of which each agreed to sell his interest to the survivor in event of his own death. The valuation was to be based upon the

book value of the stock, plus an allowance for good will.

A trustee was appointed to carry out the agreement and to distribute the proceeds for the benefits of the individual beneficiaries. Murdock applied for \$40,000 insurance on Brown's life and Brown applied for \$60,000 insurance on Murdock's life, with the provision in both cases that the amount of the insurance would be increased from time to time to cover the increased value, if any, of the stock.

Quick settlement of estate

AFTER 15 years of successful operation, during which the corporation paid its stockholders many times their original capital investment, Murdock died. Within three months the estate was settled. His family received a check for \$250,000 representing the current value of his interest in the business. Brown, the surviving associate, received the 60 per cent stock interest and continued the business without interruption.

The plan, then, as these examples show, has two advantages. First, it assures ready cash for the retirement of the interest of any principal immediately upon his death, an advantage which accrues both to the business itself and to the family of the deceased. Second, it assures payment to the principal's family of a proper price for his interest in the business. The trust company is pledged to see that these two objects are fulfilled.

There are several ways of prescribing what method the trustee shall follow in fixing the price to be paid. In a limited number of cases the parties prescribe a wholly arbitrary value.

Still other agreements specify that book value shall determine the purchase price. While this may be a fair rule in some cases, it may work a grave injustice in others, particularly in cases where good will has a real value and is not reflected on the books, or where the reverse condition prevails.

In still other cases, the parties themselves wish to specify and certify to the trustee, from time to time, the value which they themselves place on the different interests. Other agreements provide for an arbitration proceeding when the time for the value to be fixed has arrived.

The business life insurance trust is by no means an experiment. It is an adaptation of two tried and substantial agencies of modern civilization—life insurance and the trust company—to a situation which sooner or later must confront every business.

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What Wall Street Is Talking About

By MERRYLE STANLEY RUKEYSER

ECONOMIC attention has shifted from the curves of production and distribution to measures of human welfare. There has been increasing thought about the prospects for human distress during a third winter of unemployment.

Recognizing the trend of opinion, President Hoover met the new demand in a characteristic way through the technique of appointing a commission. This time he chose the singularly able Walter S. Gifford, youthful president of the American Telephone and Telegraph Company.

Mr. Gifford and Mr. Hoover have several points in common. Perhaps the most striking is the emphasis they place on the importance of keeping public policies in tune with American individualism. As a private citizen Mr. Gifford leaned to the view that it would be best to hold artificial stimulation of production as a last resort rather than to use that remedy prematurely.

♦

IT WILL be interesting for the historian to correlate the social and economic policies of the Administration during the forthcoming year with the fact that there is to be a presidential election in November, 1932.

Numerous well-informed economists with their ears close to the ground lean to the view that within this period the Administration will again aggressively undertake a counter-deflationary program. They believe that the Federal Reserve system will play a large part in this plan.

♦

I HAVE rarely before seen the adverse aspects of an economic situation so well advertised.

Accordingly, the stock market became pretty well adjusted to gloomy pros-

pects and technically ready to respond to any unexpectedly favorable developments that might appear. It is at least a step forward that observers are now taking a realistic view of near-term economic prospects and are leaning to the view that a situation that is undisturbed can be met.

Frank A. Vanderlip once told me that his conception of prosperity is the full employment of labor at high effective wages. Obviously, we have no prosperity while millions of willing workers are unemployed. The main task of management is to put these men back to productive work—to redeem their work-power from wasteful idleness.

There can be no smug self-satisfaction on the part of political and economic management as long as this maladjustment between the supply and demand for labor continues. The unemployment problem is partly a long-term problem involving the question of technological unemployment and partly an acute short-term problem entailing cyclical unemployment resulting from the depression. As for the latter, busi-

ness needs a program of production.

Many scientific economists believe that the deadlock can best be broken by speeding up public works which can thus be controlled. Herr Hjalmar Schacht, former president of the German Reichsbank, contends that the way out is in providing backward countries without cash with buying power to acquire goods. Herr Schacht would accomplish this by forming a consortium of industrialists and bankers in the United States, France, Germany, Great Britain and Belgium, and would on this international basis make available supplies to economically weak countries on extremely easy and long-term credit.

As a specific illustration, he proposed the building of a railroad to Roumania. Herr Schacht had in mind chiefly capital goods and permanent improvements.

A Wall Street economist has followed up this proposal by suggesting that it be adapted to take care also of accumulated surpluses of raw materials. He would sell cereals and cotton to countries that are too weak to pay cash by allowing them to pay on the instalment plan over a period of years.

These proposals indicate a growing recognition of the fact that it is good business to put potential customers on their feet. Some of the shrewdest American business men discovered this, particularly as it applied to domestic trade in the consumers' market, after the depression of 1921.

Specifically, after the du Ponts took over the management of General Motors Corporation, John J. Ras-kob analyzed the situation and found that in his opinion the automobile market had reached the saturation point in so far as sales for cash were concerned. He then formulated the policy that the development of the industry must be predicated on consumer credits. We have reached the stage where business men must



ACHE NEWSPICTURES, WASHINGTON BUREAU

To youthful, singularly able Walter S. Gifford President Hoover has given the task of directing unemployment relief

think about the application of the instalment principle on a sound basis to international trade.

THE depression, of course, takes its pattern from the nature of the previous period of business expansion. There was then a disposition to overexploit demand and to overdo the favorable aspects of prosperity. That tendency toward excess is a factor which has lengthened the depression.

But time is already on the side of economic recuperation. Seemingly excess supplies have begun to wear out. The factor of obsolescence is operating against things now in use. The desire for change and modernization is still potent and will become more effective in a business way when and if increasing groups think that the economic horizon is clearer and that it is safe to make new commitments.

ONE offsetting advantage of the depression, which doubtless will pay deferred dividends, is an increasing disposition on the part of the thinking public to free itself from prejudice regarding big business. It is becoming widely recognized that any unnecessary interference with operations making for economy and the elimination of waste makes us all poorer. In this connection, the proposed merger of five independent oil companies should be judged as an effort to bring order into the industry where chaos has existed. The stress of competition in the oil industry has resulted in immense social waste.

Another evidence of the new attitude of the public toward big business is the openmindedness of the public to the request of the railroads for a 15 per cent freight rate increase. Although an increase at first blush seems out of line with the trend of prices, the public has recognized that the railroads' credit is in a precarious condition and it is eager to see the situation worked out constructively.

As a matter of fact, the railroads are entitled to special consideration because they operate under an Act of Congress which provides that such rates should be fixed as will assure the railroads a fair return on their property value. Even in good times the railroads have not earned this contemplated fair return. Subject to bureaucratic price fixing, the railroads are entitled to relief.

HOW NEAR is business to genuine recovery? Malcolm C. Rorty, former vice

president of the International Telephone and Telegraph Company, and a leading economic statistician, expressed the view that domestic business was ready for the turn at the end of last spring, but that the collapse of credit in Europe has postponed the psychological urge for actual recovery in this country. We are at the threshold of the period when at least substantial seasonal improvement may be expected.

Looking back, business reached a low point last December, and showed a substantial pickup in production in the first third of the year. In the second third of the year, however, there was backsliding, and the early gains were cancelled. The reasonable prospects for the final third of the year are for another sizable pickup in production. However,

I do not look for anything approaching normal business in 1931. At the present juncture, I think that business will be fortunate if it reaches computed normal by the end of 1932.

Irrespective of that reservation, if the trend of business should be even irregularly and slowly upward, executives will have a favorable economic setting in which to operate. Once the fears of further price declines and further recession are checked, there will be a confident desire to go ahead and build solidly on the new basis.

In this connection, the stabilization of commodity prices through the summer is a distinctly reassuring factor. The Bureau of Labor Statistics of the Department of Labor announced that the recent downward movement of whole-

Where Business Will Meet in October

DATE	ORGANIZATION	CITY
1	Iowa Hotel Association	Des Moines, Iowa
1	Pacific Coast Founders Association	Del Monte, Calif.
1-3	National Electric Light Association	French Lick, Ind.
1-3	Wisconsin State Hotel Association	Milwaukee
2	Eastern Lumber Salesmen Association	Philadelphia
4-6	Mail Advertising Service Association	Buffalo
5	American Institute of Marine Underwriters	New York
5	Tri-State Zinc and Lead Ore Producers Association	Picher, Okla.
5-8	American Bankers Association	Atlantic City
5-8	National Paint, Oil & Varnish Association	Atlantic City
5-8	Spray Painting & Finishing Equipment and Manufacturers Association	Atlantic City
5-9	National Funeral Directors Association	Detroit
5-9	National Restaurant Association	Boston
5-9	National Tent and Awning Manufacturers Association	Milwaukee
6-8	Association of Electragists	Hot Springs, Ark.
6-9	National Association of Ornamental Iron, Bronze and Wire Manufacturers	Detroit
7-9	American Life Convention	Pittsburgh
7-9	Direct Mail Advertising Association	Buffalo
8	Mid-West Shippers Advisory Board	Burlington, Iowa
8-12	National Chain Store Association	Washington, D. C.
11	Terminal Grain Weightmasters National Association	Houston, Texas
12	Illinois Valley Manufacturers Club	La Salle, Ill.
12-14	Life Office Management Association	Toronto, Ont.
12-14	United Typothetae of America	New Orleans, La.
12-16	American Gas Association	Atlantic City
12-16	National Beauty and Barbers Supply Dealers Association	St. Louis, Mo.
12-16	National Safety Council	Chicago
14-15	Empire State Automobile Merchants Association	Albany, N. Y.
15	American Asiatic Association	New York
15-16	Gray Iron Institute	West Baden Springs, Ind.
18-21	National Association of Commercial Organization Secretaries	Toledo, Ohio
19	Laundry Owners National Association	Louisville, Ky.
19	National Stationers Association	New Orleans, La.
20-21	American Home Magazine Publishers	Chicago
20-21	Inland Daily Press Association	Chicago
20-22	American Title Association	Tulsa, Okla.
20-22	American Railway Bridge & Building Association	Toronto, Ont.
20-23	National Association of Railroad and Utilities Commissioners	Richmond
20-23	United States Independent Telephone Association	Chicago
21	Association of Railway Electrical Engineers	Chicago
21	Cotton Textile Institute	New York
21-23	American Association of Personal Finance Companies	Washington, D. C.
21-23	Casket Manufacturers Association of America	Cincinnati
21-23	National Association of Farm Equipment Manufacturers	Chicago
22	Jewelers Protective Association	Providence, R. I.
22	New England Manufacturing Jewelers and Silversmith Association	Providence, R. I.
22-23	Audit Bureau of Circulations	Chicago
22-23	Rail Steel Bar Association	New York
22-23	Tanners Council of America	Chicago
22-24	American Institute of Electrical Engineers	Kansas City, Mo.
23	American Iron and Steel Institute	New York
26	American Institute of Steel Construction	White Sulphur Springs
26-28	International Association of Ice Cream Manufacturers	Atlantic City
26-31	Dairy and Ice Cream Machinery and Supplies Association	Atlantic City
27-28	Middle West Foreign Trade Committee	Louisville, Ky.
27-28	New England Milk Producers Association	Boston, Mass.
28	Manufacturers Standardization Society of the Valve and Fittings Industry	New York
28-29	Associated Traffic Clubs of America	Tulsa, Okla.
29-31	International Association of Milk Dealers	Atlantic City
31	Association of Life Agency Officers	Chicago
31	Life Insurance Sales Research Bureau	Chicago

Secretaries of national trade associations are urged to notify Nation's Business of their coming meetings. Notice of conventions should reach Nation's Business at least 30 days before date of publication of the issue in which they are to appear.

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WHEN orders are scarce and income is scanty, a factory may stop its wheels and close its doors; but with or without work, regardless of income, a family must go on. In hard times and good there are always mouths to feed, bodies to clothe.

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Household, America's foremost family finance organization, gives families that chance through 147 offices in 89 principal cities. It lends them from \$50 to \$300 when they get back to work, tides them over times of stress, and gives them up to twenty months to repay the loan while they are getting back on their feet.

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- One of the nation's major economic problems and a solution are pointed out in this advertisement. It is part of a campaign in leading newspapers to help keep families and factories going. Those interested in further facts about the economic importance of small loans to families are invited to write for information to Dept. N8, Household Finance Corporation, Palmolive Building, Chicago.

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sale prices halted in July. The July index number of wholesale prices represented no change from the June figure. From June to July increases took place in 133 instances, decreases in 155, and in 262 cases no change occurred.

Raw materials as a whole averaged lower in July than in June but semi-manufactured articles averaged higher, and no change was recorded for finished products. Retail food prices have shown a slight upward tendency after a prolonged decline.

IN CONNECTION with the study of German finances to which the Wiggin Committee addressed itself at Basel, Switzerland, one main consideration was the desire to shift German short-term debts from the shoulders of the banks to individual investors by means of funding operations.

In raising the question as to whether such operations were now feasible, the Wiggin Committee admitted that the economic situation in Germany was not at present especially inviting for the new investor.

In seeking to point out the barriers to long-term financing, the Committee frankly said:

The first is the political risk involved. Until the relations between Germany and the other European powers are firmly established on the basis of sympathetic coöperation and mutual confidence and an important source of internal political difficulty for Germany is thereby removed, there can be no assurance of continued and peaceful economic progress. This is the first and most fundamental condition of creditworthiness.

The second relates to the external obligations of Germany. So long as these obligations, both private and public, are such as to involve a continuous increase in snowball fashion of the foreign debt of Germany or alternatively a disproportion between her imports and exports on such a scale as to wreck the economic prosperity of other countries the investor is unlikely to regard the situation as stable or permanent. Until existing or potential creditors of Germany are in a position to foresee what her future situation is likely to be in these respects a most serious obstacle exists either to the extension or even to the renewal of short-term credits and to the raising of a long-term loan.

After numerous years of politically minded hocus-pocus since the signing of the Versailles Treaty, we have in this statement of experts a doctrine which is saturated with economic realism and truth. At last the world is getting on a basis where it will deal with Germany on a basis of facts, not fantasies.

The moratorium and the subsequent London agreement are only stop-gap remedies which give the world a breath-

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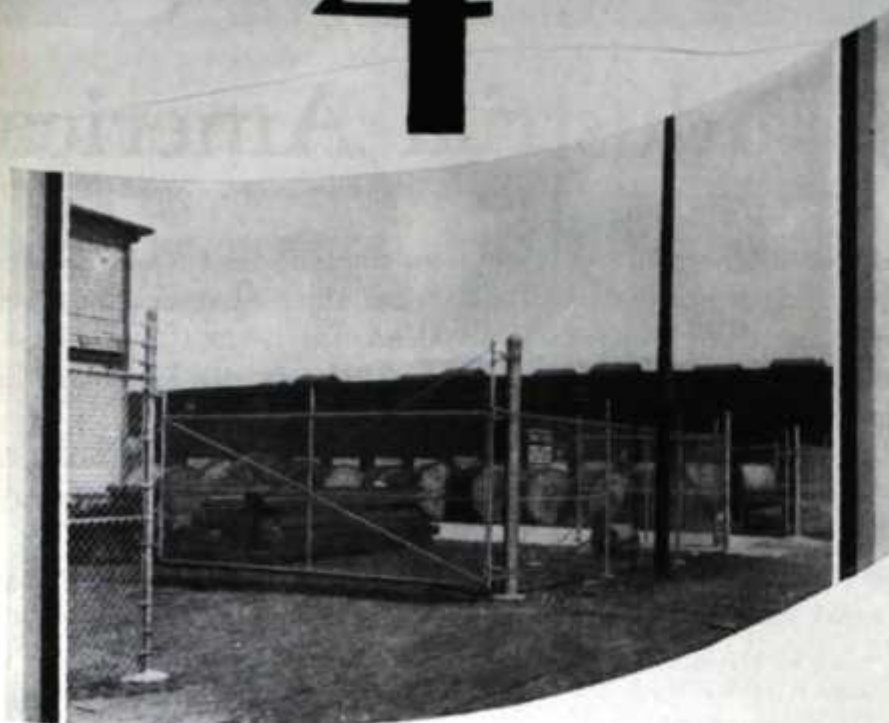
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PAGE FENCE

in **4** Metals



ing spell for the consideration of permanent policies towards Germany.

THE Federal Farm Board looks from doctrine to doctrine, bewildered by the obvious fact that its good intentions cannot alter the underlying facts of supply and demand. One of the latest proposals was that the southern planters sabotage one-third of the current cotton crop. Governors in most of the cotton-growing states voiced opposition to this destructive proposal.

The dilemma is heightened by the fact that in an unbalanced world seemingly destructive things help to put supply in balance with demand. Of course, a more constructive road to the same goal would be through building up demand, through long-term credits, through advertising, through researches into new uses for products.

Dissatisfied with the Farm Board experiment, Edward A. O'Neal, president of the American Farm Bureau Federation, recently served notice that his organization would renew its demands for the equalization fee which had been proposed in the McNary-Haugen bill.

President Coolidge vetoed the equalization fee on two occasions. President Hoover has put himself on record as opposed to the export debenture plan, which is a device for giving farmers a bounty out of the Federal Treasury on exports of agricultural staples. President Hoover has not definitely committed himself on the equalization fee, but was understood to oppose it while he was in President Coolidge's cabinet.

The equalization fee involves a form of dumping. The proposal is that the Farm Board should decide before harvest time what part of a crop would exceed domestic needs. Then it would be asked to purchase this looming surplus and later dispose of it abroad at a loss, making up the deficit by imposing a fee on the entire crop, so that all the products sold at home will contribute something to the loss sustained on the fragment of the crop disposed of abroad.

With cotton and wheat plunging to new low levels, the farmer is naturally in a desperate state of mind and is perhaps subject to the appeal of fallacies. It seems to me that the way out for the farmer is in attuning supply to demand and in getting costs down through the use of power and machinery. Some pioneering farmers are showing the way in Montana, Kansas and Texas. Recent political efforts to interfere with corporation farming in Kansas seem ill-timed and futile.



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● Before fencing your grounds, call in a PAGE FENCE expert. He will tell you which PAGE FENCE will give the longest service in your locality. He will offer worthwhile suggestions from plans to erection. Write today for his name and address and for a copy of our new booklet "Border Patrol" which contains complete information and shows various styles. No obligation. Address Page Fence Association, 520 N. Michigan Ave., Dept. D87, Chicago, Ill.

PAGE

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American Chain Co., Inc.



FENCE

CHAIN LINK OR ORNAMENTAL WROUGHT IRON

Bradstreet turns to Teletype to give clients faster service

*Teletypewriter service gets reports to
distant cities 12 to 48 hours sooner!*

THE Bradstreet Company first adopted Teletype about two years ago, using it to connect its New York office with that of an important local client. So satisfactory was the service that almost immediately the company employed it to communicate with its offices in other cities.

Today one circuit extends from New York to Jersey City, Newark, Trenton, Philadelphia and Baltimore; a second to Bridgeport, New Haven, Hartford, Providence, Worcester, Springfield and Boston. A third leads to Albany, Utica, Syracuse, Rochester, Buffalo, Jamestown and Cleveland; while a fourth reaches Detroit, Toledo, Fort Wayne, South Bend, Chicago, Joliet, Peoria, Decatur, St. Louis and Milwaukee.

Requests for credit information from the New York files are Teletyped by the branch offices and reports are mailed the same day, giving from 12 to 48 hours faster service than formerly. In urgent cases reports are briefed and Teletyped in code, thus providing almost immediate service.

Says an official of the company: "The expense of space, equipment and personnel would make it a costly matter to maintain duplicate nationwide files at each of our branch offices. Teletypewriter Service not only saves us this expense,



Teletypewriter
Service

but it also accomplishes further economies by reducing our communication costs."

If you, too, are operating widely-separated offices, factories or warehouses, it will be very much worth your while to investigate Teletype. By sending *typewritten* messages over telephone wires at a speed of 60 words per minute, it brings distant units as closely together as though they were in the same block.

Both the sending and receiving machines make a record for filing, thereby eliminating misunderstandings and definitely fixing responsibility. Machines can be used in either direction, and no special operators are required as anyone who can use a typewriter can operate Teletype.

For further information regarding Teletypewriter Service, consult your local telephone company or write the Teletype Corporation, 1400 Wrightwood Ave., Chicago.

TELETYPE

SUBSIDIARY OF

Western Electric Company





THE PRESTIGE REMAINS
LONG AFTER THE EVENT
HAS PASSED

SEND *Genuine Engraved Business Announcements*

A CHANGE of address. An important addition to your personnel. A new model. A convention or exhibition. These and similar occasions require announcements to your customers and business associates. And to make the event truly impressive—Genuine Engraved Announcements.

You instinctively respect the message that is *genuine engraved*. So, too, will those who receive your message. A trifling extra amount gives you this prestige—prestige that will remain long after the event has passed.

The steel and copper-plate engraver offers you the widest selection of designs to suit every need. Color, too, to add charm and distinction. Call him in for counsel.

VALUABLE AWARDS • YOU MAY WIN

The most distinguished Genuine Engraved Announcement will receive this \$100.00 Parker DeLuxe Desk Set, as FIRST PRIZE. Two other trophies for second and third prizes; similar awards for Genuine Engraved Letterheads, Business Cards and Christmas Cards. See your E. S. M. A. engraver for entry blank. Write for list of E. S. M. A. members in your city. Contest closes Dec. 31. Engraved Stationery Manufacturers Association, 250 W. 57th Street, New York.



THE MARK OF ENGRAVING  MEANS GENUINE QUALITY



Can your floors withstand a 6-year traffic test?

Six years of pounding, grinding, scuffing. Trucks, autos, horses. Blazing sun and driving storms. MASTIPAVE, the magic floor material, still going strong!

That's the record on a main highway* since 1925.

No other floor covering can stand such a test. And its cost is amazingly low . . . approximately 14 cents per square foot, LAID! Decorative effects and colors slightly higher. MASTIPAVE not only resists wear. It is rot-proof, vermin-proof, non-slip, resilient and acid-resisting. Truly the magic floor!

Investigate! Write for the FREE booklet.

THE PARAFFINE COMPANIES, INC.
475 Brannon Street San Francisco, Calif.

BRANCHES IN PRINCIPAL CITIES

*A test strip at Antioch, California

132

THE LOW-COST, LONG-LIFE FLOOR COVERING

MASTIPAVE

Let's Talk Frankly About Wages

(Continued from page 26)

petition forces such a move, I do not think that improving mechanical practices is the way to trim production costs. Replacing men by machinery creates more technological unemployment and we have enough unemployment of that and other kinds now.

A far better way would be to go right to the root of the whole matter by bringing unit labor costs in line with merchandise prices.

There is no honesty in subterfuge. The man who cries out that wages must not be reduced and then, while maintaining existing wage scales, lays off most of his employees and subcontracts his work at prices which leave his vendors no chance to pay good wages may think he is consistent. I do not.

A man may keep his face by paying a few men the same rate of wages he has been paying and forcing his vendors to do the cutting, but he adds to the uncertainties of the business situation and helps to prolong the difficulties. Courage and straightforward honesty are needed to find the way out of our present troubles.

Don't cut total pay roll

IF ANY industry lacks the courage to adjust hourly or piecework scales to make them conform to reductions in costs of living, let it pledge its employees and the public that total pay rolls will not be reduced.

Then the employer who has 1,000 men working at a wage rate which will not allow him to continue in business would be able to cut his wage rates ten per cent and, with the money thus saved, put on another 100 men who were not working at all.

The added production of the extra men at the same total labor cost would permit the employer to meet market prices and the return to work of another 100 men would add that much buying power.

A definite movement to adjust specific wage scales as retail prices have been adjusted would do more to set business on the road to real recovery than anything else.

Without such a definite movement the process of nibbling at economies of operation will continue, until in many cases workers will be worse off than they were before living costs went down.

BESSEMER

solved
the heat problem
of STEEL



Ethyl solved the pressure problem of gasoline

CHEAP STEEL—pooh!" Iron manufacturers poked fun at the idea in 1870. "Give us cheap heat and we'll give you cheap steel," they said. Bessemer did it. Blowing air through liquid metal, he produced *free* heat by natural combustion, and thereby made cheap steel possible.

+ + +

Fifty years later a like situation confronted the automobile industry. "Find a fuel that will stand higher pressure," said automotive engineers, "and we will give you better automobiles." Ethyl fluid was the answer to this need.

Ethyl fluid controls the combustion of gasoline, making high pressures possible. Manufacturers have taken advantage of this fuel to get the faster acceleration, the increased power, the greater fuel economy, and the cooler combustion that are char-

acteristic of modern high compression engines.

Cars that are designed to run on Ethyl Gasoline give performance undreamed of a few years ago. And the end is not in sight. Compression is going higher. More manufacturers will build for Ethyl. Tomorrow's performance will be even greater.

High compression engines offer you a solution to underpowered trucks, to faster deliveries, to economical fleet operation. Ethyl Gasoline is the only fuel to answer their need. It makes *any* car deliver its best performance. Ethyl Gasoline Corporation, Chrysler Building, New York City.



The active ingredient used in Ethyl fluid is lead.

© E. G. C. 1931

ETHYL GASOLINE

A Revelation in Storage Files



**Pull-Out Drawer Convenience
Corrugated Board Economy**

SIZES TO FIT YOUR REQUIREMENTS!

Here's a storage file you've long been looking for—a storage file with a pull-out drawer, eliminating the hitherto necessary juggling about of cases to get at the record you want!

FEATURES you will appreciate

1. Made of high-test, corrugated board.
2. Sturdily constructed and guaranteed. They will work perfectly when you stack them, fully loaded, to a height of 72 inches.
3. Therefore, no shelving needed.
4. Dust protection accorded to papers within by drawer flap and overhanging outer shell.
5. Shipped to you flat in cartons of ten.
6. Extremely low prices.

YOUR SIZES ARE HERE

Stock No.	For Records such as	Drawer measures (inches)	Inside Width	Inside Depth
1	Letters	10 1/2	12	23
2	Legal or Cap Size Forms	10 1/2	15	24
3	*Invoices or 2 rows 8x5 cards	8 1/2	10 1/2	24
4	Checks or Vouchers	8 1/2	9	24
5	Checks or Vouchers	4 1/2	9	24
5B	Checks or Vouchers	4 1/2	9	15
6	Checks or Vouchers	4 1/2	10 1/2	24
7A	Tabulating Cards	3 1/2	7 1/2	18
8	5x8 Cards or Forms	5 1/2	8 1/2	24
9	*4x6 Cards or Forms (2 rows)	4 1/2	12 1/2	21
9B	*4x6 Cards or Forms (2 rows)	4 1/2	12 1/2	15
10	*3x5 Cards or Forms (2 rows)	3 1/2	10 1/2	21
11	*Documents (2 rows)	10 1/2	9 1/2	24
12	Deposit Slips	4 1/2	8 1/2	24
12B	Deposit Slips	4 1/2	8 1/2	15

*These files furnished with divider strip for 2-row filing. Double width forms may be filed—merely discard the divider strip or place it at side to cut down width. Special sizes made to order in lots of 50 or more.

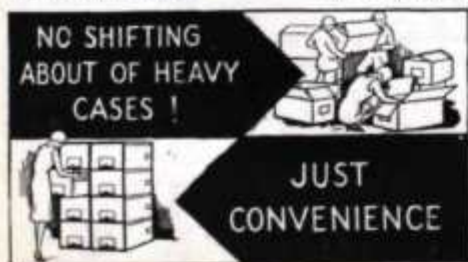
Write us for prices and name of dealer nearest you.

OXFORD FILING SUPPLY COMPANY

The Filing Supply Specialists

340 Morgan Avenue

Brooklyn, N. Y.



When writing please mention Nation's Business

Textiles Cooperate in Research

By OLIVER MCKEE

A FEW YEARS ago a manufacturer who attempted to meet competition by assisting his competitor would have been regarded not only as a poor business man but as a mental incompetent.

Today, however, the members of the textile industry are doing just that. The fact that there has been no hue and cry for straitjackets indicates that business generally has improved its knowledge of what competition really is and just where it begins. It was this improved knowledge which led the four component parts of the textile industry, the manufacturers of silk, of cotton, of wool and of rayon, to organize the United States Institute for Textile Research, with Dr. Samuel W. Stratton as its president.

Competition not eliminated

THIS important step does not mean that competition for the customer's dollar will be any less keen among members of the industry. It may, in fact, be even more intense because cooperation in the important field of research will release for other work energy that was once wasted in duplicated effort.

Heretofore, community of action as regards research had been lacking in the textile field. The wool manufacturer had no interest in the troubles of the rayon maker, the manufacturer of mohair gave little attention to the difficulties of the rope maker. Each division of this great and basic industry had walled itself off from the other. Its members had developed a "pigeon-hole" attitude of mind which had caused the failures of earlier efforts looking toward common research programs. Forward-looking men in the industry long ago sensed the need for cooperative research but they were prophets crying in the wilderness. Wool, cotton, rayon and silk—none could see any farther than the walls of his own house.

One illustration will show how deficient textile research has been in the past. In the war days our military and naval aviators needed parachutes. Parachutes had been made from silk. Since we produced no silk, we depended upon foreign countries for our raw materials.

Could parachutes be made at home? The question led to other questions.

What were the proper qualities of a parachute? What should be the weight and strength of the material, and how much permeability to air and stress and strain should it have? These questions were anything but academic. Human lives were involved in the answers.

Inquiries revealed that nothing was really known about the qualities essential to a reliable parachute. No methods had been worked out by which a given material could be tested for this service.

So the investigators had to begin at scratch. Methods had to be devised for measuring such qualities as permeability to air and resistance to tear. A special machine was designed and built at the United States Bureau of Standards in Washington. Exhaustive tests were made on silk parachute material.

These tests revealed the essential qualities in parachute material. Information was at hand, scientifically obtained, and the necessary specifications were laid down. Research had scored again, and cotton material which makes admirable parachute fabric now comes from the mills. Today, as a matter of fact, about 60 per cent of the parachutes used by American airmen are made of cotton.

The American textile industry in late years has gone through an ordeal of fire. Its leaders have done some hard and clear thinking. They have come to realize that all branches of the industry have a community of interest in the problems of fundamental research. The formation of the United States Institute for Textile Research has been an expression of that new point of view. The membership of the Institute is large and growing. It includes mills and factories in every part of the country.

Duplication will be avoided

VALUABLE individual research had previously been carried on by certain mills, but a central clearing house of information had been lacking. A mill in New Jersey might tackle a special problem, wholly ignorant of the fact that a laboratory in Rhode Island or North Carolina had already done the job and obtained the desired answer.

Thus, the first thing that the Institute proposes to do is to make a needed survey of research facilities in all parts of the United States. It will summarize

"There's no place for the LITTLE BUSINESS Today"

"ANOTHER big merger!" Headlines blare the news. Assets measured in millions—plant area in square miles—employees in thousands—operations that girdle the globe! "You've got to be big to get anywhere," say the wise ones. "There's no place for the little business now."

But you can't take all your statistics from headlines! The sound little business that goes right ahead may not be news, but is it insignificant? Is it fading out of the picture? Let Pittsburgh give you one answer.

Here's a city reputed to be the breeding ground for big industry. Pittsburgh has 2,170 manufacturing plants. Of this number, however, 1,400 employ less than ten persons. Of 761 employing more than ten persons, 575 employ less than 150. And of this number more than 86 per cent are independently owned. Does that look as though big industry has the field to itself?

What you find in Pittsburgh,



POPULAR FALLACIES OF BUSINESS

you find in Detroit, Los Angeles, New York. In fact, the average number of employees for all the 190,000 industrial establishments in the United States, according to census figures, is 44. And this takes no account of five million partnerships and one-man firms and shops.

That the little business is dying out is one of the popular fallacies of

MAKE YOUR NOMINATION NOW FOR THE "GALLERY OF POPULAR FALLACIES"

Every industry, every business, has its popular misunderstandings: real estate, construction, farming, advertising, retailing. Write me personally of yours. They will be discussed currently in *Nation's Business* and through the courtesy of the National Broadcasting Company over a nation-wide radio hookup.

MERLE THORPE, *Editor*.

business. That its opportunities are declining is another. Creating a business, building it up through personal efforts, enjoying independence and freedom of action—these still are assets of the little business. So strong is their

appeal that the little business is typical of America today.

Whether you are in a big business or a little business you'll find refreshing light on problems that are of vital interest to you in every issue of *Nation's Business*. No business is so large or so small as to be unaffected by what goes on in other fields of business. No business is so large or small that misunderstanding, fallacious thinking, leaves it unharmed. *Nation's Business* was founded to serve business by interpreting business. It is today even more than in the past a necessary, practical business tool.

Are there fallacies that retard your sales today? Nation's Business advertising pages will help you dispel them.



NATION'S BUSINESS

TOTAL PAID CIRCULATION IN EXCESS OF 300,000
PUBLISHED MONTHLY AT WASHINGTON
BY THE UNITED STATES CHAMBER OF COMMERCE



OUR Head Housekeeper has a remarkable memory! And a most remarkable file of records. Records of all the little pet likes and dislikes expressed by our guests. Suppose, for instance, you happen to tell your spouse at dinner that you just love sky-blue pink lampshades. With all due respects to Hubby, he probably won't write feverishly on his cuff: "Wife likes sky-blue pink lampshades." Whereas, if we should happen to overhear you, we undoubtedly *would* do just that. And the next time you visited us, Madam, there'd be nothing *but* sky-blue pink lampshades in your room—even if our housekeeping department had to make them especially for you.

The ROOSEVELT

Madison Avenue at 45th Street, New York
Edward Clinton Fogg—Managing Director



When writing please mention Nation's Business

also the various research projects undertaken in the past. Information so gathered will be pooled and centralized. Thus in the future, before a mill operator undertakes a piece of research, he will know what others have done in the same line.

Abstracts will help industry

THE Institute will organize an abstract service. Here again there is a real need to be filled. Newspapers and magazines frequently carry articles of interest to textile men. No executive or textile engineer has the time to wade through so vast a mass of literature merely to find the items in which he may be interested. With the help of the Institute's abstract service, however, every one in the industry will be able to keep posted on articles of interest, wherever published.

Some years ago, an effort was made to launch a common research program, but the movement failed. Research projects under that early plan were to be divided into four watertight compartments, labelled wool, cotton, rayon and silk. The plan illustrated how, at that time, every one thought in terms of a divided industry.

The Institute will proceed differently. It will have four subcommittees, each made up of a group of experts, to pass on research projects. These subcommittees will not, however, cover wool, cotton, rayon and silk, separately. Instead each will handle, in its field, problems common to all fibers.

The first subcommittee will handle scientific or laboratory research. The second will deal with mill research, including the problems of design and operation of machines. The third will handle economic research, which will have to do with matters covering costs and distribution data. The fourth will be the testing research subcommittee, which will determine whether a fabric is suitable for the purposes for which it was intended.

A vast amount of this fundamental research remains to be done. It is strange indeed how little, at certain points, we know. There is a vast difference between the textile industry in this respect and the cement industry, for example. Cement is made largely of limestone, and the chemist in the cement factory analyzes every hour the limestone which he uses. He wants to find, at stated intervals, the exact chemical content of the limestone.

Whoever heard of a cotton foreman analyzing his cotton in this way? Yet why not? The water content of cotton

affects its weight, and therefore its price and value. The Boston purchaser of Georgia cotton ought to have this information because he buys the cotton by the pound and lost weight means lost money, because loss of water affects strength of the cotton, and because again it affects shrinkage.

The development of consumers' tests are also important. The wide gap which separates the manufacturer and the ultimate consumer has hampered the progress of the industry. The manufacturer has been satisfied if he could make his product and sell it at a profit—but in so doing he has failed to see the consumer or understand his needs.

The consumer wants a piece of textile that has a certain air and water permeability, a certain tear and shrinkage resistance, a certain power to stand up under strain. According to the purpose for which the particular fabric is wanted, whether for a parachute, an automobile top, or a shirt, the requirements will vary widely. By developing these consumers' tests, the manufacturer will be able to give the consumer just the fabric to meet any need.

All the fundamental problems of this research will come under the Institute's study. It will assign specific projects to the laboratory best equipped to handle them. What it must do, in a sense, is to rewrite the whole alphabet of the textile industry, and break down the old prejudices which have stood in the way of cooperative efforts of this kind.

Training Mechanics

A MACHINE-SHOP practice program for training mechanics which will enable employers to hire its graduates at a fair wage and without the loss ordinarily experienced when an apprentice is employed has been developed by the American Machinery and Tools Institute, Chicago, in cooperation with the Lewis Institute.

Applicants for such training must be high-school graduates or have had satisfactory industrial experience. The training provides for 40 hours of work a week under competent instructors over a two-year period. Completion of the training and instruction, plus a year of satisfactory service in one of the shops affiliated with the American Machinery and Tools Institute, qualifies candidates for the title of Associate in Mechanic Arts. This indicates completion of two years of college work in engineering, and recognizes him as a skilled workman in the machinery and tool industry.

Through the Editor's Specs

(Continued from page 9)

angle in his finished work. One of the letters follows:

I cannot refrain from throwing some "Irish confetti" at you relative to the frontis-page of your September issue wherein an attempt is made to portray a surveyor. To begin with, the picture outlines a level, which is intended for just what its name implies: to extend a horizontal line in order to ascertain differences in elevations of various points, and it was never made for star-gazing purposes which the picture would indicate the "surveyor" is apparently trying to do "or something." Then again, the tripod as outlined would be so heavy it would be almost impossible to carry by an ordinary man, and last, but not least, the "surveyor" is trying to manipulate this instrument with a pipe in his mouth.

If I had an instrument man working for me and caught him with a pipe in his mouth while he was using the instrument, I would fire him on the spot, as it would be a direct indication to me that he was either doing slovenly work or wasting a lot of time. A man cannot manipulate an instrument with a pipe in his mouth without hitting it, thereby either knocking it out of level in case of a level, or out of alignment in case of a transit.

If the picture was intended as a caricature, it is a complete success.

BAXTER L. BROWN
Civil Engineer
St. Louis, Mo.

Stabilizing Employment

THROUGHOUT the summer the Chamber's Committee on Continuity of Business and Employment pushed its inquiries. The results were considered by the Committee on September 3. At this meeting the Committee gave attention to a wide range of subjects.

Proposals for business planning which might prevent both excessive upward swings and downward reactions, forms of planning and preparation which might reduce the volume or minimize the effects of technological unemployment, experiments in unemployment insurance in their various aspects and means for dealing with immediate problems of unemployment suggest the range of the discussions and the breadth which may be expected in the Committee's report.

The exact date when the Committee's report will be ready is at the present writing undetermined. The Committee's plans, however, contemplate completion of the report before the end of September.



Business and you need HAWAII

Not only is Hawaii important because of its place in world commerce; nor because it forms an ideal meeting place for those whose interest touches the Pacific. Hawaii is important to you because it is one place where you can forget business. The sun, the breeze and sea combine to change the tempo of living into a soothing, simple, pagan melody. You rest... the world forgotten... completely.

Come to Hawaii this winter if you can. If not, remember that next year holds excellent reasons for a business trip to Hawaii. Great conventions on the Pacific Coast will bring you close. The all-important Foreign Trade Council will meet in Honolulu. Here are a few of the dates:

National Foreign Trade Council, *Hawaii*, May 4 to 6, 1932
U. S. Chamber of Commerce, *San Francisco*, May 15 to 21, 1932
Rotary International, *Seattle*, . . . June 20 to 24, 1932

WRITE FOR SPECIAL CONVENTION RATES

HAWAII TOURIST BUREAU

(OF HONOLULU, HAWAII, U. S. A.)

225-F BUSH STREET, SAN FRANCISCO or 1151-F SO. BROADWAY, LOS ANGELES
MATSON Line from SAN FRANCISCO
LASSCO Line from LOS ANGELES

215 Market Street, San Francisco
730 So. Broadway, Los Angeles

814 Second Avenue, Seattle
271 Pine Street, Portland, Ore.

535 Fifth Avenue, New York
140 So. Dearborn Street, Chicago

When writing to HAWAII TOURIST BUREAU please mention *Nation's Business*

Index of Advertisers

OCTOBER, 1931

	PAGE		PAGE
Acco Products, Inc.	192	International Business Machines Corp.	2nd Cov.
Acme Card System Co., The	79	International Harvester Co.	69
Addressograph-Multigraph Corp.	50-51	International Printing Ink Corp.	99
Agricultural Insurance Company	63	Jennison-Wright Company, The	121
Alexander Hamilton Institute	7	John Hancock Mutual Life Ins. Co.	5
Aluminum Co. of America	86	Johns-Manville Corporation	90-91
American Cable Company, Inc.	95	Kimberly-Clark Corporation	81-82
American Sales Book Company, Ltd.	73	LaSalle Extension University	72-120
American Sheet & Tin Plate Company	77	Marine Midland Group, Inc.	84
American Telephone & Telegraph Co. 3rd Cov.		Masonite Corporation	89
American Tobacco Company	4th Cov.	Metropolitan Life Insurance Company	54
American Warehousemen's Ass'n.	85	Mutual Fire Insurance	93
Austin Company, The	12	National Cash Register Co., The	109
Boston Post, The	106-107	New York Trust Company, The	10
Box 303	88	Oxford Filling Supply Co.	126
Burroughs Adding Machine Co.	49	Package Machinery Company	67
Bush Terminal Company	71	Page Fence Association	122
Californians, Inc.	1	Paraffine Companies, Inc., The	124
Canadian Pacific Railway Co.	110	Pneumatic Scale Corporation, Ltd.	47
Central Mfrs. Mutual Insurance Co.	88	Reading Iron Company	59
Chevrolet Motor Company	41	Remington Rand Business Service, Inc.	53
Cities Service Company	111	Reo Motor Car Company	43
Coca-Cola Company, The	132	Robbins & Myers, Inc.	76
Commercial Investment Trust Corp.	116	Roosevelt Hotel	128
Detex Watchclock Corporation	96	Russell, Burdall & Ward Bolt & Nut Company	131
Diamond Chain & Mfg. Co.	102	Security First National Bank of Los Angeles	120
Dick, A. B. Company	2	Stoeger, A. F. Inc.	120
Dictograph Products Company, Inc.	120	Stone & Webster Engineering Corp.	83
Encyclopaedia Britannica, Inc.	3	Teletype Corporation	123
Engraved Stationery Mfrs. Ass'n.	124	Thompson, J. Walter Company	65
Equitable Life Assurance Society	9	Westinghouse Electric & Mfg. Co.	97
Erie Railroad System	103	Willis Overland, Inc.	105
Ernst & Ernst	72	Youngstown Pressed Steel Co.	8
Ethyl Gasoline Corporation	125		
Fairbanks, Morse & Co.	61		
Firestone Tire & Rubber Co.	115		
Ford Motor Company	100		
Frigidaire Corporation	45		
General American Tank Car Corp.	57		
General Foods Corporation	6		
General Motors Truck Company	74-75		
Geuder, Paeschke & Frey Co.	113		
Hammermill Paper Company	70		
Hawaii Tourist Bureau	129		
Higgins, Chas. M. & Co., Inc.	72		
Household Finance Corporation	119		

THIS is one of a series of editorials written by leading advertising men on the general subject of advertising

The Enduring Value of Substantial Things

THE advertising theory that the average human intelligence is that of a fifteen year old child is sound. But far too many of those who apply it overlook the fact that childish minds are very shrewd. They are attracted by simple words and appeals to primitive emotions but they have a genius for discerning sham. Their possessors will buy in spite of a false note if the product appeals to them—but they are not insensible of it and their respect for advertising as an institution suffers as much from the effect of insincere campaigns that succeed as from that of the frivolous failures.

Some of the most conspicuous advertising of recent years and some of the most momentarily productive has developed a widespread contempt for advertising as an institution whose harmful influence will be felt for a generation.

The advertising of stable merchandise or essential services in terms that ring true is a form of social service. Advertising that cajoles and tricks the public is a form of treason and a long-swing business blunder of the most disastrous sort. What we in America need above all things to learn from the present business crisis is the enduring value of substantial things and the purblind folly of opportunist methods.

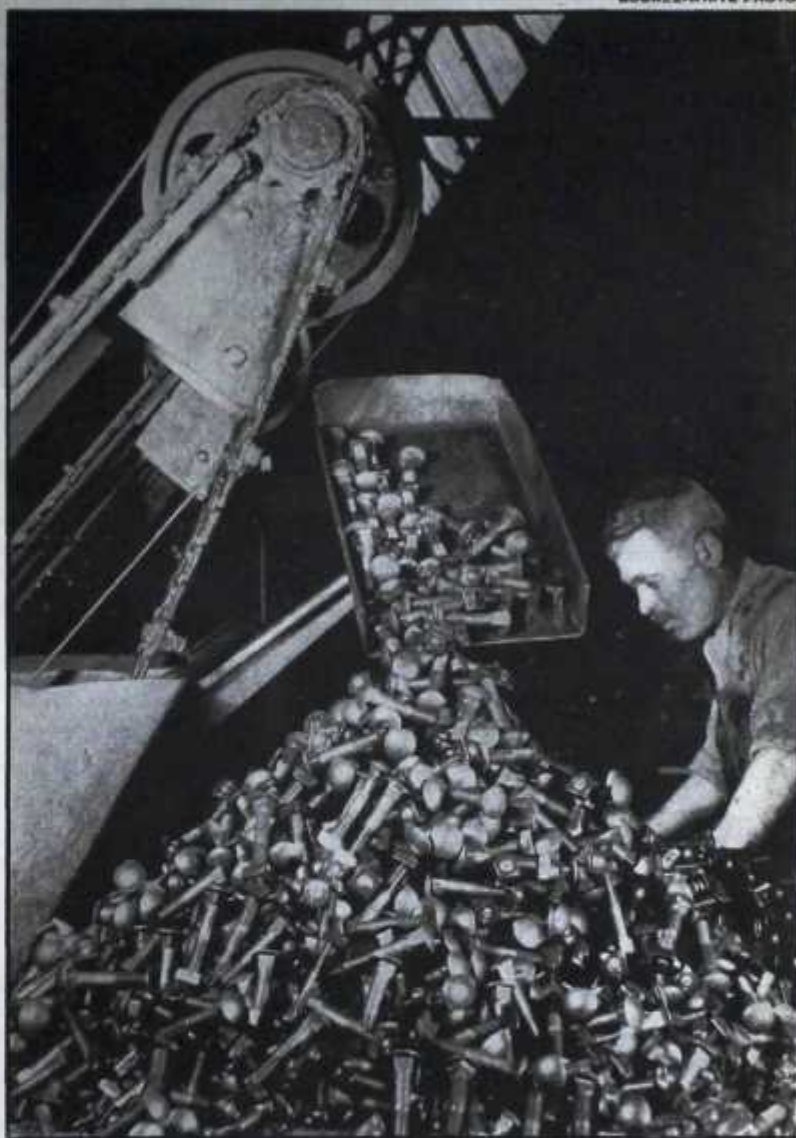
H. BERTRAM LEWIS
Vice President
Commercial Credit Company

THE TROUBLE SPOT IN THIS MAN'S FACTORY

BOURKE-WHITE PHOTO

...nutting the bolts

How the R B & W engineering service helped a customer speed up assembly



"Your bolts and nuts don't fit—they slow down production—I can't use them. What are you going to do about it?"

So said an R B & W customer recently, a manufacturer who had changed his fit specifications several times on orders for specially finished bolts and nuts used in assembling his product.

Especial care had been taken to give this man what he ordered, with extra inspections just before shipment. After his ultimatum, as expressed above, he was visited by a

representative of the R B & W Engineering Service.

Our investigator soon found the trouble. The bolts and nuts were not at fault, but the nuts were being put on the bolts by a mechanical device that was impractical, preventing proper alignment of the threads. We showed the customer the sort of nutter he needed, and when he had

installed it his production volume exceeded all previous records.

When bolts and nuts give you trouble, in the handling in your plant, or in use in your product, consult the R B & W Engineering Service. Our specialists can advise you in all matters relating to bolt and nut design, and their efficient, economical use.



RUSSELL, BURDSALL & WARD BOLT & NUT CO.

ROCK FALLS, ILL.

PORT CHESTER, N. Y.

CORAOPOLIS, PA.

Sales Offices at Philadelphia, Detroit, Chicago, San Francisco, Los Angeles, Seattle, Portland, Ore.



The pause that refreshes, painted from an actual scene in the directors' room of one of America's leading corporations

Over
9 Million
a Day



Drink

Coca-Cola

Delicious and Refreshing

THE NATION'S BUSINESS WELCOMES *the pause that refreshes*

All baseball fans know the seventh-inning stretch. Golfers relax at the refreshment stand on the fairway. Offices and workshops have a little minute that's long enough for a big rest. And ice-cold Coca-Cola makes all these *the pause that refreshes*. As naturally as night follows day, this national custom has reached thousands of executive

offices. "Time-out" for ice-cold Coca-Cola relieves tenseness—of mind or muscle. After that tingling, delicious taste and its cool after-sense of refreshment, you come up smiling for a fresh start. You find whatever you're doing is better done after *the pause that refreshes*. Treat yourself right. Try it! The Coca-Cola Company, Atlanta, Ga.

LISTEN IN

Grantland Rice—Famous Sports Champions
Coca-Cola Orchestra
Wed. 10:30 p. m. Eastern Standard Time
Coast-to-Coast
N. B. C. Network

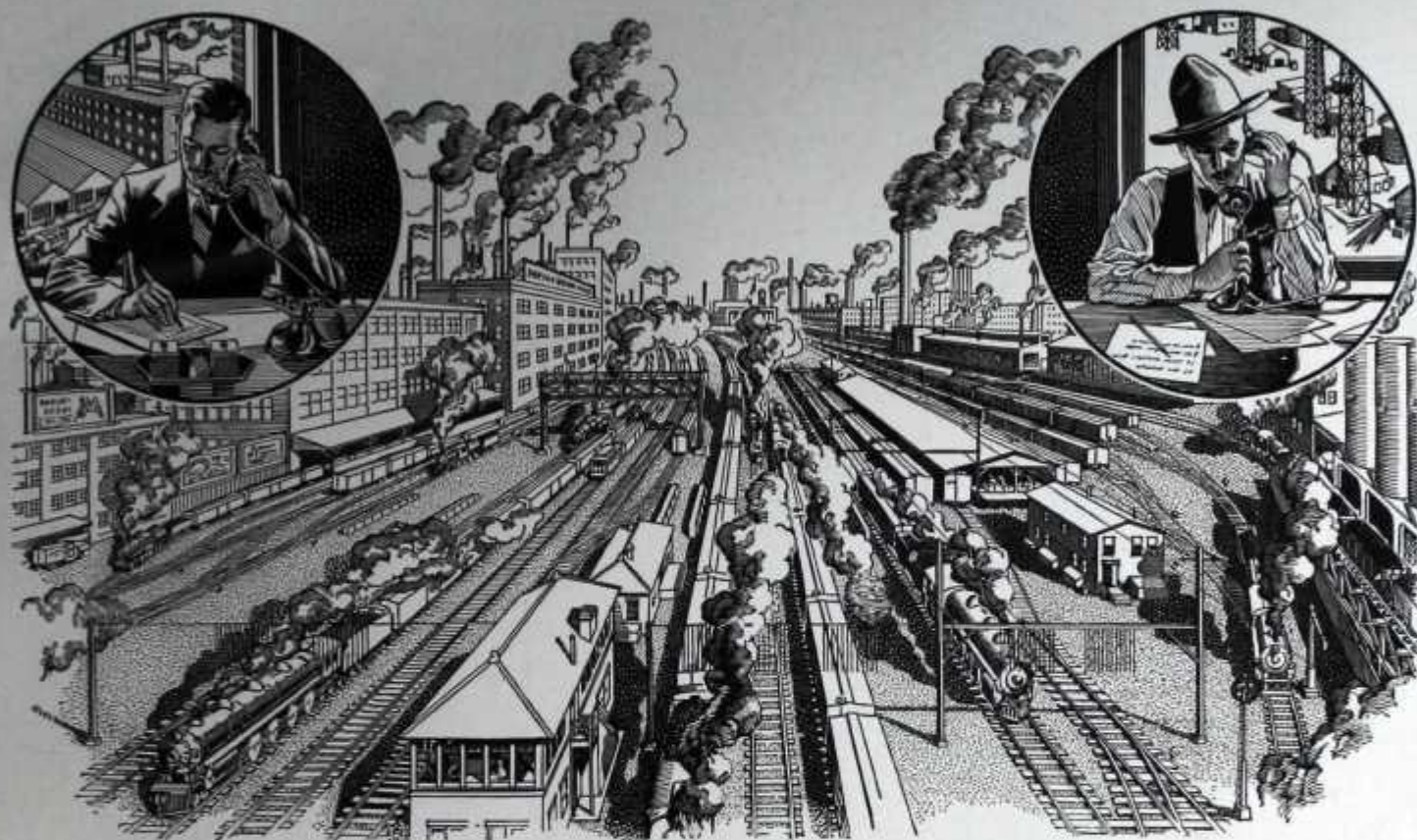
IT HAD TO BE GOOD TO GET WHERE IT IS

When writing to THE COCA-COLA COMPANY please mention *Nation's Business*

THE TELEPHONE PLAN

of Market Coverage

aids in the distribution of Westcott valves



THE Westcott Valve Company uses features of the Telephone Plan of Market Coverage to meet a specific distribution problem. The company's business is concerned largely with the oil and natural gas industry of the west and south. Speedy shipments are essential, as the operations are usually ready for the valves when orders are placed.

The telephone plan developed for the company enables it to give truly exceptional service. Telephone contact with both customers and field representatives is frequent. In many cases, delivery is started a few minutes after the customer gives his order by telephone.

The telephone plan also brings this company much new business. In one territory, 103 per cent

increase in the use of the telephone was accompanied by a business increase of 130 per cent. Another division increased its gross business from \$8700 to \$47,000 in five months, largely through use of the telephone.

Telephone costs are low. Typical station-to-station day rates: Buffalo to Syracuse, 75c; Chicago to Minneapolis, \$1.60; Los Angeles to San Francisco, \$2.35; Jacksonville to Cincinnati, \$2.55.

The Telephone Plan of Market Coverage helps business men accomplish more in less time and at less expense. Its features can be adapted to the specific needs of any business concern. An experienced telephone representative will gladly show you how they can be applied to your business.

JUST CALL YOUR BELL



TELEPHONE BUSINESS OFFICE

Consider your Adam's Apple!!*

Don't Rasp Your Throat With Harsh Irritants

"Reach for a
LUCKY instead"

Eve started it and the daughters of Eve inherited it. Eve gave Adam the apple, and it seems that Adam must have passed it on. For every man and every woman has an Adam's Apple. It is your larynx — your voice box — containing your vocal chords — Don't rasp your throat with harsh irritants — Reach for a LUCKY instead — Be careful in your choice of cigarettes.

Remember, LUCKY STRIKE is the only cigarette in America that through its exclusive "TOAST-ING" Process expels certain harsh irritants present in all raw tobaccos. These expelled irritants are sold to manufacturers of chemical compounds. They are not present in your LUCKY STRIKE. And so we say "Consider your Adam's Apple."

LUCKIES are always
kind to your throat

Virginia Cross
ANNISTON, ALA.

"It's toasted"

Including the use of Ultra Violet Rays
Sunshine Mellows — Heat Purifies

Your Throat Protection — against irritation — against cough

TUNE IN—
The Lucky Strike
Dance Orchestras,
every Tuesday,
Thursday and Saturday
evening over
N. B. C. net-
works.